



# Housing and Redevelopment Authority

Tuesday, October 11, 2016

5:30 PM

Dakota Conference Room  
1800 West Old Shakopee Road

## AGENDA

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes
  - 3.1. Approval of Minutes - September 27, 2016
4. Unfinished or Organizational Business
5. New Business
  - 5.1. Approval of 2017 Agency Plan and Section 8 Administrative Plan
  - 5.2. Modification of Penn American Redevelopment Project Area and approval of Knox American Redevelopment TIF District and Plan
  - 5.3. Modification of Penn American Redevelopment Project Area and approval of Knox American Housing TIF District and Plan
  - 5.4. Knox and American Tax Increment Pledge Agreement
6. Adjournment

# HRA Agenda Item



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Originator  
Housing and Redevelopment Authority

Item  
**Approval of Minutes - September 27, 2016**

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Date  
10/11/2016

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Description

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Requested Action

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Attachments:

September 27, 2016 HRA meeting minutes

# UNAPPROVED MINUTES

## Housing and Redevelopment Authority in and for the City of Bloomington

1800 West Old Shakopee Road  
Bloomington, Minnesota 55431

Tuesday, September 27, 2016  
5:30 PM  
Council Chambers

- 1 **Call to Order** Chairman Thorson called the meeting to order at 5:31 p.m.  
  
Present: Commissioners: Thorson, Fossum, Carlson, Lewis, Coulter  
Staff: Grout, Hartman, Zimmerman
- 2 **Approval of Agenda** M/Lewis, S/Coulter to approve the agenda. Motion carried, 5-0.
- 3 **Approval of Minutes**
- 3.1 **Approval of Minutes** M/Carlson, S/Lewis to approve the minutes of the July 26, 2016 HRA meeting. Motion carried, 3-0 with Commissioners Fossum and Coulter abstaining due to absence from that meeting.  
  
M/Fossum, S/Carlson to approve the minutes of the September 13, 2016 HRA meeting. Motion carried, 4-0, with Lewis abstaining due to absence from that meeting.
- 4 **Unfinished or Organizational Business** None.
- 5 **New Business**
- 5.1 **Action Items** *Knox and American*  
Grout explained that public hearings for approval of two Tax Increment Financing (TIF) districts and modification of the project area in Penn American Phase III will take place at the City Council meeting on October 3. One will be a redevelopment district and the other a housing district. He provided a rough draft preview of the City Council presentation to the Board and requested feedback.  
  
The grant application that was submitted to the Metropolitan Council Livable Communities Program will be considered for final approval in late October. The HRA application is a finalist for funding. A decision on the application

for \$4 million in additional project funding from the Minnesota Housing Finance Agency (MHFA) will be announced by the end of October.

*Redevelopment*

The neighborhood commercial centers study was presented to City Council on September 26. They accepted the study and asked staff to move forward. Action planning will begin in October.

*Other*

The Board viewed a brief Homes Within Reach video. Hartman noted that there may be an opportunity for them to use a home in Bloomington for their program.

A tour of the duplex on East 88<sup>th</sup> Street is scheduled for October 18 at 5:30 p.m. A similar home is proposed for the HRA-owned lot on Emerson Avenue.

Staff will be closing on the purchase of a property on Garfield Avenue on September 28.

**6 Adjournment**

M/Coulter, S/Carlson to adjourn the meeting. Motion carried, 5-0. The meeting adjourned at 6:38 p.m.

# HRA Agenda Item



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Originator Housing and Redevelopment Authority	Item <b>Approval of 2017 Agency Plan and Section 8 Administrative Plan</b>
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Date  
10/11/2016

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#### Description

The Bloomington HRA is required by the US Department of Housing and Urban Development (HUD) to file an Annual Public Housing Agency (PHA) Plan for fiscal year 2017. The 2017 plan is an update to the five-year plan that began on January 1, 2015. As a result of being a high-performing administrator of the Housing Choice Voucher (Section 8) program, the HRA is able to complete a streamlined form for the 2017 plan. In addition, HUD has significantly condensed the form since last year. The HRA's Administrative Plan for the Section 8 program is an attachment to the Annual Plan form.

The HRA held a Public Hearing for the plans on September 13, 2016. Approval of the plans was delayed to allow time for staff to respond to a comment letter received from Legal Aid regarding both of the plans. Staff has reviewed the comment letter and has updated the plans in response to some of the comments. The attached copy of the Legal Aid letter includes staff responses (in red) to each of their comments.

The Annual Plan (FY 2017) is enclosed along with the administrative plan for the Section 8 Program. The Agency Plan had no significant changes as a result of the comment letter.

The Section 8 Administrative Plan also had no significant changes as a result of the comment letter. The changes made were technical in nature due to new regulations, etc. and do not materially change how the HRA operates the program.

At the meeting, staff will review the changes that were made to the plan and the Legal Aid comments.

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#### Requested Action

Staff recommends the HRA approve the attached plans and certifications for the 2017 Agency Plan and Housing Choice Voucher (Section 8) Administrative Plan.

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#### Attachments:

2017 Annual PHA Plan - HUD form 50075-FP  
Section 8 Administrative Plan  
Annual Plan Certification - HUD form 50077-HP  
Civil Rights Certification - HUD form 50077-CR  
Certificate of Consistency with Consolidated Plan



<b>B.</b>	<b>Annual Plan Elements</b>					
<b>B.1</b>	<p><b>Revision of PHA Plan Elements.</b></p> <p>(a) Have the following PHA Plan elements been revised by the PHA since its last <b>Annual PHA Plan</b> submission?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Statement of Housing Needs and Strategy for Addressing Housing Needs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Financial Resources.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Rent Determination.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Homeownership Programs.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Safety and Crime Prevention.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Pet Policy.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Substantial Deviation.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Significant Amendment/Modification</p> <p>(b) The PHA must submit its Deconcentration Policy for Field Office Review.</p> <p>(c) If the PHA answered yes for any element, describe the revisions for each element below:</p>					
<b>B.2</b>	<p><b>New Activities.</b></p> <p>(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?</p> <p>Y N</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Hope VI or Choice Neighborhoods.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Mixed Finance Modernization or Development.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Demolition and/or Disposition.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Tenant Based Assistance.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Conversion of Public Housing to Project-Based Assistance under RAD.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Project Based Vouchers.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Units with Approved Vacancies for Modernization.</p> <p><input type="checkbox"/> <input checked="" type="checkbox"/> Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).</p> <p>(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan.</p> <p><b>The HRA has a total of 31 vouchers that have been project-based in specific units in Bloomington. Of the 31, the HRA has five units designated for victims of domestic violence. Twenty of the units are HRA-owned single-family homes scattered throughout the City and six units in a tax credit property located in central Bloomington. The 31 project-based vouchers represent only 5% of the 551 vouchers of our program, and are well within the 20% project-based cap set by HUD.</b></p> <p><b>In addition, the HRA has approved eight additional eight units of project-based vouchers that will be part of a 394-unit market-rate development in the South Loop redevelopment area. To be completed in 2017, the placing of project-based units into this development will provide affordable housing opportunities that otherwise would not exist. This change is consistent HRA will expand the supply the assisted housing by offering housing opportunities in a new construction market-rate development that exceeds the rent limits for the Section 8 Program.</b></p>					
<b>B.3</b>	<p><b>Progress Report.</b></p> <p>Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year Plan.</p> <p><b>Some examples of how the Bloomington HRA has made progress in meeting the Mission and Goals described in the its 5-Year Plan include:</b></p> <p><b>Expand the supply of assisted housing:</b> The HRA continues to maximize the number of families assisted by HCV program by utilizing all available HAP funding from HUD. The HRA's HCV Program is the largest source of affordable housing in the City. However, funding from HUD does not support the full leasing of the 551 units that the HRA is authorized to lease. The HRA will continue to work to maximize the available HUD funding to expand the supply of this important source of assisted housing.</p>					

	<p>The HRA has approved eight additional eight units of project-based vouchers that will be part of a 394-unit market-rate development in the South Loop redevelopment area. To be completed in 2017, the placing of project-based units into this development will provide affordable housing opportunities that otherwise would not exist. This change is consistent HRA will expand the supply the assisted housing by offering housing opportunities in a new construction market-rate development that exceeds the rent limits for the Section 8 Program.</p> <p><b>Improve the quality of assisted housing:</b> The HRA continues to seek new ways to improve voucher program management, increase customer satisfaction and maintain all HRA-owned rental units at a high standard. In the upcoming months, the HRA will implement direct deposit of owner HAP checks to increase efficiencies and customer satisfaction.</p> <p><b>Increase assisted housing choices:</b> The HRA has maintained maximum lease-up of the program even in an extremely tight rental market. The HRA's staff works diligently to maintain excellent working relationships with landlords to help ensure a good inventory of units for program participants to rent through the program. These success of these actions is demonstrated by the HRA's high success rate for new and moving participants who are seeking a new unit.</p> <p><b>Ensure equal opportunity and affirmatively further fair housing:</b> An example of the HRA's efforts in this area is the language translation button that is now located on every page of the City's web site, including the HRA's where affordable housing and fair housing information is located. HRA staff found examples of how this would work and worked with the City's web team for a successful launch and implementation.</p> <p>(The Bloomington HRA's current 5-Year Plan is effective from January 1, 2015 through December 31, 2019.)</p>
<p><b>B.4.</b></p>	<p><b>Most Recent Fiscal Year Audit.</b></p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N  <input type="checkbox"/> <input checked="" type="checkbox"/></p> <p>(b) If yes, please describe:</p>
<p><b>Other Document and/or Certification Requirements.</b></p>	
<p><b>C.1</b></p>	<p><b>Certification Listing Policies and Programs that the PHA has Revised since Submission of its Last Annual Plan</b></p> <p><i>Form 50077-ST-HCV-HP, Certification of Compliance with PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>C.2</b></p>	<p><b>Civil Rights Certification.</b></p> <p><i>Form 50077-ST-HCV-HP, Certification of Compliance with PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>C.3</b></p>	<p><b>Resident Advisory Board (RAB) Comments.</b></p> <p>(a) Did the RAB(s) provide comments to the PHA Plan?</p> <p>Y N  <input checked="" type="checkbox"/> <input type="checkbox"/> (The comment period was open from July 28, 2016 through September 13, 2016.)</p> <p>If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations.</p>
<p><b>C.4</b></p>	<p><b>Certification by State or Local Officials.</b></p> <p><a href="#">Form HUD 50077-SL</a>, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
<p><b>D</b></p>	
<p><b>D.1</b></p>	<p><b>Capital Improvements.</b> Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD.</p>

## **Attachment A: PHA Plan Comments**

The HRA received one participant comment on the 2017 PHA Plan. The writer expressed her gratitude for the program and hopes that it will continue for many years to come for herself and others who need housing assistance.

The HRA also received a comment letter from Mid-Minnesota Legal Aid. See the enclosed copy of the letter, including HRA responses.

# **BLOOMINGTON HOUSING & REDEVELOPMENT AUTHORITY**

## **In and for THE CITY OF BLOOMINGTON**

### **ADMINISTRATIVE PLAN**

### **SECTION 8 RENT ASSISTANCE**

### **HOUSING CHOICE VOUCHER PROGRAM**

~~October 11~~~~October 6~~, 2016~~5~~



The Bloomington HRA complies with all applicable provisions of the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973, and does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its services, programs, or activities. Upon request, accommodation will be provided to allow individuals with disabilities to participate in all HRA services, programs, and activities. The HRA has designated coordinators to facilitate compliance with the Americans with Disabilities Act of 1990 (ADA), and to coordinate compliance with Section 504 of the Rehabilitation Act of 1973 as mandated by the U.S. Department of Housing and Urban Development regulations. For information, contact the HRA, 1800 West Old Shakopee Road, Bloomington, MN 55431-3027; (952)563-8733 (Voice); (952)563-8740 (TTY).

Upon request, this information can be available in Braille, large print, audio tape and/or electronic format.

HOUSING AND REDEVELOPMENT AUTHORITY

in and for the City of Bloomington

SECTION 8 EXISTING RENT ASSISTANCE  
HOUSING CHOICE VOUCHER PROGRAM

ADMINISTRATIVE PLAN

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- B. DEFINITION OF INCOME AND ASSETS
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**HOUSING AND REDEVELOPMENT AUTHORITY  
in and for the City of Bloomington**

**SECTION 8 HOUSING CHOICE VOUCHER PROGRAM  
ADMINISTRATIVE PLAN**

**I. INTRODUCTION**

The Bloomington Housing and Redevelopment Authority (HRA) administers the Section 8 Housing Choice Voucher Program with funding from the U. S. Department of Housing and Urban Development (HUD). The following document sets forth procedures and policies for the administration and selection of tenants for the Section 8 Housing Choice Voucher Program (Program).

The Section 8 Housing Choice Voucher Program is an element of the HRA's Action Plan and the HUD Consolidated Plan and as such, plays an integral part in meeting the City's assisted housing goals. The housing needs of the present and future citizens of Bloomington have been comprehensively assessed. Goals for assisted housing have been outlined in the Agency Plan.

**II. APPLICATIONS/WAITING LISTS**

**A. Outreach to Families**

Housing assistance under the Section 8 Housing Choice Voucher Program will be granted without regard to race, color, religion, sex, age, national origin, actual or perceived sexual orientation, gender identity, marital or familial status, handicap/disability status, or status with regard to receipt of public assistance.

Special efforts are made through advertising and social service contacts to affirmatively market the rent assistance program. The HRA has adopted an Equal Opportunity Housing Plan (EOHP), which outlines the HRA's efforts. A copy of this plan is attached as Appendix A. An equal opportunity to participate in the Section 8 Rental Assistance program is offered to both owners of accessible rental property and persons with disabilities or special needs. These efforts may include but are not limited to, making program information available in an accessible building; providing an interpreter/aide as needed; utilizing a TTD; making program information available in different languages; for persons who request assistance the HRA will provide information on accessible units.

Rental property owner participation will be encouraged through activities outlined in the EOHP. Marketing of the program may include paid advertisements, newspaper articles, letters, brochures, mailings to real estate agencies and multi-unit owners, notices to clients on current availability of accessible units and information sessions to encourage owner participation.

Information on the Section 8 program is also provided through the Bloomington Rental Housing Collaborative.

## **B. Applications**

To be placed on the HRA's waiting list, an Application to Determine Tenant Eligibility (Application) must be completed. Because demand for rent assistance far exceeds the available Housing Choice Vouchers, applications are not accepted on a continual basis. Rather, applications are accepted periodically. It is from these applications that the HRA's waiting list is established. By limiting when applications are accepted, the HRA is able to maintain a list of households that can reasonably be serviced in approximately one to two years. This procedure has provided the HRA with an ample number of applicants in need of rent assistance and at income levels sufficient to meet HUD's income targeting requirement.

The application procedure begins with the advertisement of the program, consistent with the EOHP. The HRA will then collect names, mailing addresses and applications of interested persons on-line, generally for a two to three day period of time, or in a manner to be announced. The HRA reserves the right to extend or shorten this period of time.

Those requiring a reasonable accommodation in order to apply will be provided instructions on how to submit such a request in advertisements and other outreach efforts or by contacting the BHRA. For additional reasonable accommodation information, see Appendix K.

The on-line application will be made available in multiple languages for those with Limited English Proficiency (LEP). For additional LEP information, see Appendix H.

Any applications received after the deadline will be determined ineligible for the waiting list. Applications may be reviewed to determine whether the household is apparently eligible as a family, and is within income guidelines. Applications will be placed into a lottery as described below in part E. Incomplete applications will be deemed ineligible

Persons with preferences will be served first. Please refer to Section II E and Appendix C for more information on preferences.

## **C. Determining Eligibility**

Applications are reviewed to determine the family's qualifications under two categories: Definition of family; and income eligibility. The categories are described below:

### **1. Definition of a Family**

For the purposes of program eligibility, a family consists of:

- Family includes but is not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:
  1. A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or
  2. A group of persons residing together, and such groups include, but is not limited to:
    - a. A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
    - b. An elderly family;
    - c. A near-elderly family;
    - d. A disabled family;
    - e. A displaced family; and
    - f. The remaining member of a tenant family.
  
- An elderly family having a head (including co-head) or spouse or sole member who is at least sixty-two years of age, or is a disabled or a handicapped person, and may include two or more elderly, disabled or handicapped persons living together, or one or more such persons living with another person who is determined to be essential to his or her care and well being.
  
- A remaining member of a tenant family is a single person living alone or intending to live alone who does not qualify as an elderly, handicapped, disabled or displaced person. The remaining member of an assisted tenant family is a family member who remains in the unit when other members of the family have moved out.
  
- A person currently living in Bloomington displaced by Bloomington local governmental body or agency action in connection with code enforcement (not including resident caused code violation or eviction). In addition, an applicant will be considered involuntarily displaced if they are victims of hate crimes or witness to a crime and under the recommendation of local police authorities. "Hate Crime" is actual or threatened violence or intimidation of a person or their property because of race, color, religion, sex, national origin, familial status, disability, actual or perceived sexual orientation and gender identity.
  
- A disabled family, whose head (including co-head), spouse or sole member is a person with a disability; who has a physical or mental handicap which is expected to be of long and indefinite duration and substantially impedes his or her ability to live independently, and is of such a nature that the person's ability to live independently could be improved by more suitable housing.
  
- A disabled person who has a physical, mental or developmental disability as defined in Sec. 223 of the Social Security Act or has a developmental disability as described as follows. A developmental disability is a severe, chronic disability which:
  - 1) is attributable to mental and/or physical impairments;

- 2) was manifested before the age of 22;
- 3) is likely to continue indefinitely;
- 4) results in substantial functional limitations in three or more of the following areas: capacity for independent living; self-care; receptive and expressive language; learning; mobility; self-direction; and economic self-sufficiency;
- 5) requires special, interdisciplinary, or generic care, treatment or other services which are of lifelong or extended duration and are individually planned and coordinated.

## 2. Income Requirements

The applicant must provide adequate information on their application to show that their income for the twelve-month period following occupancy is not anticipated to exceed the income limits for eligibility as a very low income family. A very low income family is defined by HUD according to family size and has an income at or below 50 percent of the median family income for the metropolitan statistical area (MSA). However, 75% of new admissions must have “extremely low” incomes, which are defined as those families whose incomes do not exceed the higher of the Federal poverty level or 30% of the area median income (with the exception of applicants displaced by Section 8 project-based action as noted in Appendix I). Other admissions can be at or below 50% of the area median income. Income limits for eligibility are established by HUD on an annual basis for the HRA's area of jurisdiction; see the chart of the most recent income limits at the end of this section.

The HRA will admit continuously assisted families with incomes at or below the low income limit (80% of median), as established by HUD. Continuously assisted is defined as a family who is presently receiving (or has received housing assistance with one year) from any 1937 Housing Act program administered by the HRA, when admitted to the HRA’s voucher program. The family’s participation in the housing program must be terminating prior to admission to the voucher waiting list. The waiting list will always be open to applicants who meet this definition of continually assisted.

No verification of income is required at the time of application. However, the HRA reserves the right to request that an applicant provide this, if necessary, to determine eligibility.

Annual income is the anticipated total annual income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family who is not a minor, and all unearned income of all minors. This includes income of full-time students 18 years of age and older.

When calculating annual income, the fair market value of assets disposed of for less than the fair market value will be counted for two years from the date of disposal (if new on program, or from the date of disclosure if current participant).

The income of a family member confined to a nursing home or hospital on a long term basis will not be included, nor will any deductions be allowed for that person. The family member's name will then be removed from the lease. For a complete definition of income, see Appendix B.

Zero Income - Any adult family member with zero or minimal (less than \$100 per month) reported income will be required to complete a zero income questionnaire/statement. Zero income will be confirmed by sending verifications to last known employers, and income sources, State Wage Data Departments, Social Security Administration, and other public welfare agencies. All cash and non-cash contributions to support the household will be considered as household income. Families must provide documentation of household expenses and how the expenses are paid.

<b>INCOME LIMITS</b> Published March 6, 2015						
<b># of Members</b>	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five</b>	<b>Six</b>
<b>Extremely Low (30%)</b>	<del>18,200</del>	<del>20,800</del>	<del>23,400</del>	<del>26,000</del>	<del>28,410</del>	<del>32,570</del>
<b>Very Low (50%)</b>	<del>30,350</del>	<del>34,650</del>	<del>39,000</del>	<del>43,300</del>	<del>46,800</del>	<del>50,250</del>
<b>Low (80%)</b>	<del>46,100</del>	<del>52,650</del>	<del>59,250</del>	<del>65,800</del>	<del>71,100</del>	<del>76,350</del>

<b>INCOME LIMITS</b> Published March 28, 2016						
<b># of Members</b>	<b>One</b>	<b>Two</b>	<b>Three</b>	<b>Four</b>	<b>Five</b>	<b>Six</b>
<b>Extremely Low (30%)</b>	18,050	20,600	23,200	25,750	28,440	32,580
<b>Very Low (50%)</b>	30,350	34,350	38,000	46,350	46,350	49,800
<b>Low (80%)</b>	46,000	52,600	59,150	65,700	71,000	76,250

#### **D. Denial of Assistance**

Any applicant determined ineligible through the initial application or subsequent process, will be notified in writing of the HRA determination. An applicant will be given the opportunity to request an informal review, in accordance with the procedures in Appendix E of this document.

The HRA may deny an applicant housing assistance if:

- The applicant has committed any fraud in connection with any federal housing assistance program;
- The applicant has breached a repayment agreement with the Bloomington HRA or another PHA, as described in the federal regulations;
- The applicant currently owes rent or other amounts to the Bloomington HRA or to another PHA in connection with a Section 8 Certificate, Voucher, or Housing Choice Voucher or public housing assistance under the United States Housing Act of 1937;
- The applicant has engaged in drug-related criminal activity or violent criminal activity, including criminal activity by any Family member in the prior 3 years after being released from the most recent incarceration and probation. Drug-related criminal activity is further defined in the federal regulations.
- The applicant or any household member has been evicted from federally assisted housing for drug-related criminal activity within three years of the date of eviction.
- Has violated any Family Obligation as defined in the federal regulations.
- The family does not submit required evidence of citizenship or eligible immigration status, including providing a Social Security Number for all family members age 6 and older or proof that the family member has not been assigned a number. The family's assistance level will be prorated for any family members who are unable to provide proof of citizenship at time of lease-up. The family's assistance level will remain prorated until proof of citizenship is provided for those members. For any member under 6 that the family is unable to provide a Social Security number, the BHRA will provide a 90 day period, during which they may become participants, to provide the Social Security number. The BHRA may grant an additional 90 day period for the family to provide the number, if merited.
- The applicant has been terminated from a previous Section 8 or Public Housing Program in the past 36 months.
- The applicant or family member has been convicted of manufacturing or producing methamphetamine in violation of any federal, state or local law.
- The applicant or family member is subject to a lifetime registration requirement under the State sex offender registration program.
- The applicant or family member has abused or shown a pattern of abuse of alcohol that may threaten the health, safety, or right to peaceful enjoyment of the premises by other residents.

Victims of domestic violence, dating violence, sexual assault and stalking will not be denied assistance under the protections of the Violence Against Women Act. See Appendix G for the HRA's VAWA policies.

If the Bloomington HRA denies an applicant Housing Assistance, an opportunity for an informal review will be granted according to current regulations as set forth in the HRA's Informal Review Procedure, Appendix E. In addition, an applicant family with a disabled member may request a reasonable accommodation as per the BHRA's policies in Appendix K.

Grounds for denial or termination of assistance is further defined in the federal regulations.

#### **E. Establishment of Waiting Lists & Preferences**

The HRA will establish and maintain three waiting lists: (1) a waiting list for both the Section 8 Rent Tenant-Based program and Project-Based Voucher (PBV) units which are privately owned, (2) a waiting list for units under PBV contract and owned by the HRA, and (3) a waiting list for units under PBV contract and owned by Cornerstone.

The HRA accepts applications at specified times. It is from these applications that the waiting lists are established. The waiting lists may be open at different times. Applicants are placed on the waiting list according to Preferences as defined herein and date and time of receipt of the application or by lottery.

All preferences will be accepted as claimed by applicants and will be verified at the time of issuance, based upon current circumstances. The wait list will not be opened until it is estimated that the remaining wait list will be exhausted in six months or less. The current wait list will be exhausted prior to new applicants being served. The wait list will always be open to applicants who meet the definition of Involuntary Displacement.

The HRA will accept applications from all interested persons, up to a maximum of 1,500 applicants to be placed on the tenant-based waiting list and a maximum of 700 to be placed on the HRA-owned PBV list. Once all eligible applications are received, a lottery will be conducted for a spot on the waiting list. The HRA will inform each applicant if they have won a position on the list or not. Each applicant will be assigned his/her appropriate place on a community-wide basis in sequence based upon their position assigned by the lottery and factors affecting preference or priority established by the HRA's regulations.

The HRA will establish and maintain a separate waiting list for the PBV units that are owned by Cornerstone and offer a supportive service component. The HRA may place families referred by Cornerstone on this list at any time. Families on this list must be in need of the supportive services offered by Cornerstone.

Applicants will be selected for assistance based on their qualification for preferences. Applicants with one or more Preference will be prioritized according to their Preference point

total. Applicants with the same point total will be further prioritized by the date and order their application was received or by lottery

The HRA must issue the family a Housing Choice Voucher or offer a PBV unit in accordance with the Subsidy Standards in Appendix D, and consistently for all families of like composition.

An ongoing tabulation of Housing Choice Vouchers issued will be maintained by the HRA on the waiting lists. This tabulation will contain information indicating date and order the applications were received by the HRA, or the order by which the application was drawn in a lottery, issuance of Housing Choice Vouchers and eligibility for any Preferences.

Units converted from Public Housing: In 2012, the HRA received approval from HUD to convert 26 Public Housing units to project-based Section 8 Vouchers (PBV). Twenty of the units are owned by the HRA and six by Lyndale Avenue Townhomes Limited Partnership. The waiting lists for these 26 PBV units will be established by using the existing public housing waiting lists at the time of the conversion of the public housing units to PBV assistance. The HRA will use these existing 2-bedroom and 3-bedroom public housing lists to establish separate waiting lists for 2-bedroom and 3-bedroom project-based units owned by the HRA and Lyndale Avenue Townhomes. Once these lists are exhausted, the HRA will use the waiting list established for the HRA-owned PBV units. Vacancies at Lyndale Avenue Townhomes will be selected from the tenant-based waiting list.

1. Preferences

Applicants may qualify for a Preference when they complete the Application for Tenant Eligibility form or any time thereafter until assistance is available. To claim a Preference at the time the waiting list is open, the applicant must certify to the HRA in writing that they qualify for one or more preferences.

An applicant who qualifies for any of the Preferences will be issued a Housing Choice Voucher before any other applicant who is not so qualified. If an applicant no longer qualifies for a preference or a preference cannot be verified when assistance is offered, the applicant will be assigned a place on the waiting list based on the time and date the original application was received or by the order in which the application was drawn in a lottery.

Points will be awarded for Preferences as follows:

Involuntary Displacement	2 points
Continuously Assisted	2 points
Bloomington Resident	1 point

For a detailed explanation of the preferences and verification process, see Appendix C.

NOTE: In order to meet HUD requirements for admission of extremely low income, persons with local preference but with higher incomes may be passed over until the HUD requirements are met.

#### **F. Updating of Waiting List**

On an annual basis, all households on the waiting lists will be requested by mail to update their application. Those failing to respond by the deadline specified in the letter will be removed from the waiting list. At the time of an update, or by other notification by the applicant, preference points will be updated to reflect current circumstances.

The HRA removal of an application from the waiting list of an applicant family that includes a person with disabilities is subject to reasonable accommodation. (Additional information on reasonable accommodations is included in Appendix K.) If the applicant did not respond to the HRA's request for an updated application because of the family's disability, the HRA will reinstate the applicant to the family's former position on the waiting list if such a request is made within twelve months of removal from the waiting list.

### **III. ISSUING HOUSING CHOICE VOUCHERS**

#### **A. General**

Families will be notified by letter when their name is at the top of the waiting list. If the family wishes to receive assistance they must respond within ten days. After no response, a letter will be sent informing the applicant their name has been removed from the waiting list.

An applicant who is unable to receive assistance due to a disability and are requesting a reasonable accommodation (see Appendix K); -temporary medical problem or a binding lease agreement may be placed back on the waiting list until circumstances allow them to move. Third party verification regarding the reason for the delay of assistance, acceptable to the HRA must be presented for the household to be placed back on the waiting list. The applicant will be placed at the bottom of the category in which they qualify, i.e., federal preference, resident, nonresident. If the applicant refused assistance twice, their name will be taken off the waiting list. When the family is taken off the waiting list, they may reapply for assistance when the HRA is again taking applications.

The HRA reserves the right to request the applicant to complete a new application form if 60 days has elapsed since the original application, or if family circumstances warrant a current application.

Applicant briefings and the issuance of a Housing Choice Voucher will be conducted in group sessions unless the HRA deems it necessary for the briefings to take place in individual sessions.

Once verifications have been received and eligibility has been verified, briefing appointments will be set up with the household to complete an application, verify eligibility, explain program procedures and policies, review tenant responsibilities, determine total tenant payment and provide information on other services available to the family. At the time of the briefing appointment, families will be offered a Housing Choice Voucher.

## **B. Verification Procedures**

Prior to the issuance of a Housing Choice Voucher, third party verification of income, assets, medical expenses, child care costs, disability, handicap, or student status and qualification for any eligible preferences is required. Disclosure of Social Security numbers (SSN) is required for all family members. Individuals who have not been assigned a SSN must make an application for a SSN and disclose it to the HRA when received. (See section II – D for extensions for applicants providing Social Security numbers for members under 6 years old.)

Applicants shall be required to furnish proof of any information listed on the Application when requested by the HRA. Verification of family composition and residence is provided by the applicant's signature on the Application for Tenant Eligibility form and the Certification and Rectification of Tenant Eligibility form. The HRA can at its discretion verify family composition.

Applicants will be required to sign a release of information allowing the HRA to gather information to determine if the applicant and any adult member of the household has committed criminal or drug related criminal activity as described in the regulations. Evidence of such criminal or drug related criminal activity will be grounds for denial of assistance of an applicant, including port-in applicants and participants. The HRA may require applicants be fingerprinted if the initial criminal history search is incomplete and requires additional FBI information. If HRA proposes to deny admission or terminate assistance for criminal activity as shown by a criminal record, the HRA will notify the household of the proposed action to be based on the information and must provide the subject of the record and the tenant with a copy of the criminal record. The HRA will give the family an opportunity to dispute the accuracy and relevance of that record in accordance with HUD regulations. The HRA will not pass along to the applicant/participant the costs of a criminal records check.

The HRA will verify the identity of all household members at admission to the program or before being added to an existing program unit. Acceptable verification of identity for adults are: State issued current driver's license or identification card; US Military ID; US Passport; naturalization or legal non-citizen documents; and/or certificate of birth. Any documentation that does not include a photograph of the adult must be accompanied by an acceptable document with a photograph. Acceptable verification of identity for children are: certificate of birth, adoption documents, and/or custody agreement.

The HRA will verify the guardianship status of any minor before admission to the program or being added to an existing program unit. Acceptable verification of guardianship status is:

documentation of court-ordered guardianship, verification from State or County officials, tax records showing status as a dependent of household head, and/or delegation of Parental Authority or Delegation of Powers by Parent-. Absent these documents, the HRA may accept a notarized Certificate of Substitute Caretaker.

The HRA will first use HUD's Enterprise Income Verification (EIV) system to verify income. If the EIV data is unavailable or out of date, the HRA will then use third party or independent verification to determine anticipated family income. The HRA will use third party verification for assets, child care costs, disability, and handicap or student status. The HRA has designed forms to be used for this purpose.

If EIV, third-party or independent verification is not possible (or not received within 30 days) the HRA will accept documentation received from the applicant/participant. Income can be verified with enough pay stubs to establish a pattern or average. Asset verification can include copies of bank statements, dividend notices, and contracts for deed. Medical expenses can be documented with receipts, pharmacy printouts, or insurance statements. Letters of documentation from consulting physicians, ~~or~~ rehabilitation consultants or other appropriate and knowledgeable source will be acceptable verification of disability or handicap status.

When neither EIV, third-party nor hand carried verification can be obtained, the Bloomington HRA will accept a signed statement by the head of household, spouse or other adult member, such documents will be maintained in the file.

An applicant who claims a Preference on their application must provide written verification that the household's current status qualifies them for a Preference at the time the initial application was submitted.

### **C. Program Information**

Information packets and other helpful materials will be given to the family at the briefing session in accordance with federal regulations. Applicants will receive information on the Payment Standard used to calculate rent assistance, subsidy standards, family rent to owner, portability and tenant responsibilities and a copy of the HUD-prescribed lead-based paint brochure. Portability procedures are further outlined in Section VIII.

Special services will be provided, free of charge, to families that request an interpreter, or who need assistance to understand program requirements. Social workers, counselors, and/or relatives are encouraged to attend the briefing session with the family.

Information on other social services, such as employment training opportunities or area day care providers, will be provided. Referrals will be made at the applicant's request.

It is the participant's responsibility to locate an appropriate rental unit. The HRA may assist elderly or handicapped persons or families with three or more minors experiencing difficulty in

locating a unit. Neither in assisting a family in finding a unit, nor by any other action may the HRA directly or indirectly reduce the family's opportunity to choose among the available units in the housing market. However, the HRA will provide an explanation of the advantages of moving to an area that does not have a high concentration of low income families (as per HUD notice PIH 2016-09.) This information shall be presented as part of the oral briefing and will include a map of such areas of concentration in the Metro area.

Obligations of the family under the Program will be clearly reviewed with the family at the Housing Choice Voucher briefing and included in the information packet. These obligations are also set forth in the Housing Choice Voucher of Family Participation. A family participating in the Program must:

- Supply any information, certification, release or documentation which the HRA determines necessary in the administration of the program. Any information supplied by the family must be true and complete. This information may be used for a regularly scheduled or interim reexamination of family income and composition in accordance with program requirements.
- Allow the HRA to inspect the dwelling unit at reasonable times and after reasonable notice.
- Notify the HRA before vacating the dwelling unit by providing the HRA with a copy of the Notice to Vacate given to the owner.
- Promptly (within ten working days) give the HRA a copy of any owner eviction notice.
- Use the dwelling unit solely for residence by the family, and as the family's principal place of residence; and shall not assign the lease or transfer the unit.
- Submit required evidence of citizenship status or eligible immigration status.
- Submit Social Security number verification for all family members.
- Obtain HRA approval of composition of the family.
- Promptly (within seven working days) inform the HRA of the birth, adoption or court-awarded custody of a child, or a child joining the household pursuant to a Delegation of Parental Authority or Delegation of Powers by Parent. The family must request HRA approval to add any other family member as an occupant of the unit.
- Promptly (within seven working days) notify the HRA if any family member no longer resides in the unit.
- Obtain HRA approval to add a foster child or a live-in-aide to the unit.

- Not engage in or threaten abuse or violent behavior toward HRA personnel.
- Not own or have any interest in the dwelling unit.
- Not commit any fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.
- Not make side payment(s) to the owner for additional rent, services, utilities, garage space, etc, that have not been approved by the HRA.
- Not receive assistance under Section 8 while occupying or receiving assistance for occupancy of any other unit assisted under any Federal housing assistance program.
- Not engage in drug-related criminal activity or violent criminal activity, including criminal activity by any family member. Drug-related and violent criminal activity is further defined in the federal regulations. Victims of domestic violence, dating violence, sexual assault, and stalking will not be denied assistance under the protections of VAWA (see the HRA's VAWA policy in Appendix G). Families that include a disabled member may be able to request a reasonable accommodation. See Appendix K for additional information.
- Not commit any serious or repeated violation of the lease.
- Not cause violations of Housing Quality Standards (HQS), including:
  - i. Failure to pay for any utilities that the owner is not required to pay for, but which are to be paid by the tenant.
  - ii. Failure to provide and maintain any appliances that the owner is not required to provide, but which are to be provided by the tenant.
  - iii. Damage to the dwelling unit or premises, beyond ordinary wear and tear, caused by any family member or guest.

A violation of any of the family obligations listed above is grounds for the HRA to terminate assistance.

#### **D. Determination of Unit Size**

Each participant shall be issued a Housing Choice Voucher of Family Participation form. This form shall specify the number of bedrooms in accordance with the Subsidy Standards contained in Appendix D. The HRA will permit families, within the following limits, to choose the unit size that best meets their needs.

Housing Choice Voucher holders may select a larger unit than designated on the Housing Choice Voucher but will pay any increased cost, not to exceed 40% of their monthly adjusted income for rent and utilities, as the subsidy and Payment Standard is based on the HRA Subsidy Standards as designated on the Housing Choice Voucher. If the family selects a smaller sized unit there must be at least one sleeping room or living/sleeping room for each two persons in the household and be acceptable under current Housing Quality Standards. The utility allowance will be based on the actual size of the unit selected.

Families that include a disabled member may be able to request a reasonable accommodation. See Appendix K for additional information.

#### **E. Determination of Family Rent to Owner/Subsidy**

If an applicant family is determined to be eligible, an adjusted annual income is used to calculate the Family Rent to Owner. The adjusted income equals the annual income less:

- \$480 is deducted for each dependent. A dependent is defined as a member of the family (excluding foster children) and other than the family head or spouse, who is under 18 years of age, is a disabled or handicapped person as defined in Section II.C.1., or 18 years of age or over and also a full-time student. A full-time student is one who is carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended. An educational institution includes a secondary or vocational school with a diploma or certificate program, as well as an institution offering a college degree.
- \$400 is deducted for any elderly, handicapped or disabled family. These household types are defined in Section II.C.
- Medical Expenses in excess of three (3) percent of annual income, and which the family anticipates incurring over the twelve months following the effective date of certification that are not covered by insurance. Examples of medical expenses are dental costs, prescription medicines, medical insurance premiums, eyeglasses, hearing aids and batteries, the cost of a live-in aide and monthly payments required on accumulated major medical bills. Over the counter" medical expenses are also eligible for those participants who provide a doctor's statement verifying that the OTC items are medically necessary. These deductions are available to elderly, handicapped, and disabled households only.
- Handicap Assistance Expense in excess of three percent of Annual Income may be deducted for expenses for care attendants and "auxiliary apparatus" if such expenses enable a family member to work and do not exceed the earned income of the household members enabled to work. These expenses are eligible only if they are not paid to a family member nor reimbursed by an outside source.

- **Child Care Expenses.** This includes amounts anticipated to be paid by the family for the care of children under 13 years of age, and only where such care is necessary to enable a family member to be gainfully employed or to further his/her education, and only such amounts that are not reimbursed through other sources. In cases where weekly child care expenses are different for the school year and school vacations, annual calculations will be based on thirty-nine (39) weeks for the school year and thirteen (13) weeks of school vacation. In cases where child care expenses are on a per month basis, the calculations will be based on a nine (9) month school year and three (3) month school vacation. If an adult is at home, proof of inability of the adult to provide daycare must be verified by a doctor or social worker. Where child care costs appear excessive, a tax statement will be requested of the child care provider.

The Family Rent to the Owner for the Housing Choice Voucher program is based on a Payment Standard and the actual contract rent for the assisted unit. The Payment Standard is used to determine the amount of housing subsidy that will be paid on behalf of the family. The Housing Assistance Payment is equal to the Payment Standard, less thirty (30) percent of the adjusted monthly income. The Family Rent to the Owner is the difference between the total contract rent and the Housing Assistance Payment. The family cannot pay more than 40% of their monthly adjusted income towards the rent and utilities at the time of initial lease-up.

The Payment Standard for the Bloomington HRA's jurisdiction is reviewed on an annual basis by the HRA and if appropriate, the HRA provides an affordability adjustment. In no event will the Payment Standard be less than ninety (90) percent, nor more than 110% of the published Fair Market Rent as established by HUD or the Bloomington exception rents as approved by HUD. If the Payment Standard changes, the new Payment Standard will be used for existing participants upon recertification, or if a new lease is signed.

Once the Family Rent to Owner is established it will remain in effect until the next scheduled reexamination or until circumstances change, such as new regulations, or a change in family income that warrants an interim rent and/or income review. Once rents have been established for new families or families that are moving, a rent adjustment will not be done until the family has leased. However, after the family is leased, an interim rent change will be done retroactively to prevent a hardship for the family. Interim changes and annual reexaminations are further discussed in Section V.A.

Utility Allowances will be evaluated and adjusted as appropriate each year. A survey of participant usage as well as a survey of utility rates will be used to determine appropriate adjustments based upon a rolling average.

#### **F. Housing Choice Voucher Issuance & Turnover**

Housing Choice Vouchers will be issued for an initial period of sixty (60) days. If the HRA determines that the family is making a good faith effort to utilize their voucher and/or market conditions dictate, the HRA may approve up to two 30 day extension (not to exceed 120 days

total shopping time). If the Housing Choice Voucher expires and the family has not found an acceptable unit, they must re-apply for Rent Assistance when the HRA is again taking applications.

In special cases where the applicant is handicapped or disabled, the Housing Choice Voucher may be extended up to a maximum of 180 days, if the disabled/handicapped applicant requests the extension due to a hardship in locating a unit specifically due to a disability. Such an extension can be requested through a reasonable accommodation request, as described in Appendix K. This request must be issued to the HRA in writing prior to the expiration of the initial 60 day period, or any approved extension. In addition, the HRA may provide extensions of up to 180 days if the family is covered by the Violence Against Women Act (see Appendix G).

After the issuance of a Housing Choice Voucher, the family is encouraged to maintain contact with the HRA to learn of the availability of any units. Families requesting help in finding units will be individually counseled.

Upon receipt of the Request for Tenancy Approval Form (RFTA) at the HRA office, the Housing Choice Voucher expiration date will be suspended. If the unit is not approved, the HRA will calculate the number of days of the suspension. The number of days from the return of the RFTA to the day the family was informed of the disapproval of the unit is considered the suspension period. The Housing Choice Voucher expiration date will then be extended for the number of days of the suspension. The total number of shopping days, excluding suspended days, must not exceed 60 days or any approved extension.

#### **IV. SELECTION AND LEASING OF UNIT**

##### **A. Submission of Lease Approval Form**

A Housing Choice Voucher holder shall be responsible for finding an existing housing unit suitable to the family's needs and desires in any area where the HRA determines that it is not legally barred from entering into contracts. This includes the receiving PHA jurisdiction when the family is participating under the portability guidelines as described in Section VIII. A family may select the dwelling unit which they already occupy if the unit qualifies as an existing housing unit, meets Housing Quality Standards and other requirements under the Rent Assistance Program.

When the family finds a unit suitable to its needs, it must submit a Request For Tenancy Approval (RFTA) form, which has been completed by the building owner or management agent. The RFTA form and a blank copy of the owner's proposed lease is to be submitted to the HRA by the fifteenth of the month before the lease begins.

The HRA provides the owner with a sample lease upon request. A landlord may choose to use this lease or one of his own. If a landlord uses his own lease, a Lease Addendum provided by

the HRA must be signed. All leases will be reviewed to determine that no illegal provisions are contained in the proposed lease. Initial lease terms may be less than one year if the HRA determines that housing market conditions are such that the participant may not otherwise be housed.

The HRA shall not approve any lease for a single-family house or townhouse unit that does not include use of the garage as part of the lease and is not included in the rent to owner, unless approved in writing by the HRA. The owner must disclose all charges to the tenant to the HRA.

The HRA shall review the RFTA to determine that the owner is eligible to participate in the program, the unit qualifies, and the lease complies with the program's requirements governing prohibited and required lease provisions and local and state law. To be eligible, the unit must qualify as decent, safe, and sanitary housing under the HQS and meet the occupancy standards and rent reasonableness limits as set forth by the HRA.

If the family is moving to another jurisdiction under the portability guidelines for the Section 8 Rent Assistance Program, the occupancy standards, and Payment Standard is determined by the Receiving PHA. The Request for Tenancy Approval will be forwarded to the Receiving PHA to complete the portability process. Participants porting out of the metro area may bring the RFTA directly to the new administering agency. Portability procedures are further defined in Section VII.

With the information provided on the Request for Tenancy Approval form, a HQS inspection will be done on the unit. If the inspection reveals the unit meets the HQS criteria, the HRA will proceed with the preparation of the HAP Contract and lease. Owners of single-family rental units will be required to complete a signed statement of ownership detailing the owner's responsibilities and the prohibited conditions noted in section H.

If the HRA determines that the unit and/or the lease cannot be approved for any reason, the HRA shall so notify the owner and the family.

The HRA will provide to the landlord, upon authorization of the family, rental history information about that family regarding damages or unpaid rent, and/or evictions during the past three years. The HRA will also provide to the landlord, upon authorization of the family, information in the HRA's possession regarding family tenancy history. If a family is covered by the VAWA, the HRA will follow the restrictions on the release of family information as required by the VAWA(see Appendix G).

## **B. Rent Reasonableness**

Rent reasonableness is established by the HRA based on an annual rental market study conducted by the HRA and frequent contact with area owners. Documentation of rent reasonableness will be contained in each participant file. The HRA will determine the reasonableness of rent in relation to geographical location, quality, amenities, and the

management and maintenance services available in the structure or complex. The HRA may request that a landlord provide copies of rent rolls to assist the HRA in determining rent reasonableness.

The HRA can make recommendations for reasonableness of rent to Housing Choice Voucher holders, based on the participant's unit selection. Each lease disapproved due to rent that is not reasonable will be documented in the participant file.

The HRA will not perform rent reasonableness determinations on any unit that is owned by the HRA. The HRA will partner with an independent entity that is approved by the local HUD office and is experienced in making such determinations. The HRA must use the initial rent amount and any rent increases as established by the independent entity.

### **C. Housing Quality Standards and Unit Inspections**

Before approving a lease, the HRA will inspect the unit for compliance with the Federal Housing Quality Standards (HQS) and additional HQS standards adopted by the HRA and approved by HUD. These are established in accordance with the regulations set forth in the federal regulations, and the HUD Inspection Form, for assurance of a decent, safe, and sanitary unit.

In the case of HRA owned units, the HQS inspections will be performed by an independent agency approved by HUD. The independent agency will furnish a copy of each inspection report to the HRA and HUD.

If the HRA's inspection reveals that a new unit contains HQS violations, the HRA will notify the owner and the family that the unit may not be leased under the program until all HQS deficiencies are corrected.

If, at recertification or at a special inspection, a current participant's unit fails inspection, the owner will be informed in writing of the defects to be corrected in order for the unit to pass HQS. The notice will describe the deficiencies which are in violation of the HQS and require that the conditions be corrected within the following time periods, based on the nature of the violations:

- If there are serious deficiencies which present an immediate danger to the health and safety of the family, the HRA will require the owner to correct the deficiencies within 24 hours. If the deficiencies occur in a unit already under contract and the owner does not correct the situation, the HRA will abate housing assistance payments and may terminate the Housing Assistance Payments Contract. The HRA will assist families in locating a new unit. If such deficiencies are caused by the family or its' guests, the HRA will require the family to correct the deficiency in no more than 24 hours. Failure by the family to correct the deficiency within 24 hours will result in termination of assistance.

- If there are deficiencies that do not immediately affect the health and safety of the family but are violations of HQS, the HRA will require the owner to correct the deficiencies within a time determined by the HRA (completion date) or the HAP payment will be abated and may terminate the HAP contract.
- If the repairs cannot be done by the completion date, the HRA will, at its sole discretion, assign a new completion date.
- If the repairs are not completed by the completion date, the HRA will abate housing assistance payments and may terminate the Housing Assistance Payments Contract. A 30-day notice will be given.

The HRA will re-inspect the unit to ensure all HQS deficiencies have been corrected prior to the execution of an extended or new Housing Assistance Payments Contract.

In addition to Federal Housing Quality Standards, the Bloomington HRA has adopted additional HQS items

- A deadbolt-type lock is required on all entrance doors.
- All rental units and buildings, including single family homes and duplexes must be licensed in accordance with the Bloomington City Code. If a unit is not licensed the HRA will send the owner a rental license application. If the owner fails to make application for a rental license, the HRA will advise the owner they do not have a legal right to lease the unit, and the HRA will recoup any payments made to the owner for the period of time that the unit was not licensed by the Bloomington Licensing Department.
- All painted surfaces must be free of significant defects.
- In each room, there will be at least one exterior window that can be opened and that contains a screen.
- In units where the tenant must pay for utilities, each unit must have separate metering device(s) for measuring utility consumption, or comply with Minnesota State Metering Law.
- All dryer vents must be properly vented, per City of Bloomington code. Foil flex or plastic venting is not approved. Two types of aluminum flex are approved, one is rigid and the other is a heavier and stronger flex.
- A window will not stay open on its own and may cause injury.
- All circuit and fuse boxes must be labeled correctly for area or appliance served.

The following items may not be recorded as HQS violations, but are examples of items the HRA will request the owner to address. These repairs will not be required but will be recommended. By requesting repairs of a minor nature, the HRA is attempting to maintain quality housing stock throughout the City of Bloomington.

### Sanitary Facilities

- Dripping faucets in kitchen or bathroom
- Missing or broken drain stopper in sinks or bathtub
- Deteriorated grouting around bathtub and fixtures
- Slow drain in sinks or bathtub
- Broken or missing shower curtain rod
- "Running" toilet
- Cracked toilet seat
- Bathroom sink loosened from wall
- Un-caulked or unsealed openings around pipes that penetrate walls

### Safety and Security

- Missing doors (other than entry and bathroom)
- Closet doors "off the tracks" and/or difficult to operate
- Missing globes on ceiling lights

### Thermal Environment

- Cover panels missing from hot water baseboard heating vents which would not cause injury

### Windows, Walls, and Ceilings

- Window panes with minor cracks
- Water stained walls and ceilings, with no evidence of wet or loose plaster.

### Fixtures and Flooring

- Cracked shelving, drawers or cabinet doors
- Stained or worn carpeting
- Chipped tile or damaged flooring that is not a serious tripping hazard

### Exterior

- Inadequate drainage causing potential hazards
- Nuisances which may become a hazard or violate City ordinances

## **D. Quality Control Inspections**

In order to ensure that inspectors are adhering to Housing Quality Standards and are providing consistent determinations, the HRA will review a sample of the completed inspections. Quality Control inspections will be done on a random selection of the new and renewed units under

contract each month to ensure the uniform interpretation of the HQS. The Quality Control inspections will be done according to HUD guidelines, including sample size. The Quality Control inspections will be conducted by a supervisor or other qualified person(s), other than the original inspector.

#### **E. Security Deposits**

Families are responsible for paying the security deposit and any required utility deposits. (See Section VII.A.)

The deposit in the Housing Choice Voucher program for a newly leased unit is limited to an amount not to exceed the lesser of security deposits in the prevailing private market practice, or the amount of deposit for the owner's unassisted units which have the same rent amount.

For families leasing in place, the owner may retain the original deposit collected prior to the family's participation on the program. The excess amount collected does not have to be refunded until the family vacates the unit, subject to the lease terms.

When a participant vacates a unit owing no rent or other charges, or if the amount owed is less than the amount of the security deposit, the owner shall refund the full amount or the unused balance, plus interest as prescribed by state law. The deposit amount, plus interest must be returned or a written explanation as to why it was kept must be received by the family within 21 days from the end of tenancy provided the tenant has given the landlord a forwarding address.

#### **F. Payments to Owners**

When a unit has passed inspection and a lease and HAP executed, the HRA will process payment to the landlord. Computations and an itemization of Family Rent to Owner and Housing Assistance Payments (HAP) for all current rent assistance participants are computed and maintained by the HRA. Payments are then transmitted to the City's Finance Division.

HAP checks are printed by the City's Information System, based on information submitted by the Finance Division. The Finance Division reviews the checks against a prepared pay list. Checks are sent out by month-end so that owners receive rent assistance payments as close to the first of the month as possible.

Owners may assess late fees to the HRA in accordance with state or local law, presently not to exceed 8% of the overdue tenant rent amount. It must be the owner's practice to charge such penalties for assisted and unassisted tenants, and the owner must charge such penalties against the tenant for late payment of Family Rent to Owner. The HRA will only pay late charges for the HRA's portion of the rent. The HRA will only pay upon written request of the owner.

## G. Discrimination

Families encountering apparent discrimination in their search for suitable housing are informed of the appropriate resources for assistance in filing a complaint. The HRA will help process all apparent discrimination claims and provide support to the families involved by referral to appropriate agencies, including the Human Rights Commission for the City of Bloomington, the Minnesota Dept. of Human Rights, and the Fair Housing Division of the HUD Area Office. A detailed Housing Discrimination complaint procedure is included with the information packets provided at the briefing. For additional information, see Appendix J: Fair Housing Policy.

## H. HRA Disapproval of Owner

The HRA must deny approval of an owner (including a principal or other interested party) for any of the conditions set forth in the federal regulations. The HRA will not approve a lease from an owner if the HRA obtains or is supplied with information or documentation confirming any of the following conditions:

1. Directed by HUD to disapprove an owner. Including if federal administrative or judicial action is pending against the owner for violation the Fair Housing Act or other federal equal opportunity requirements; or a court or administrative agency has determined that the owner has violated the Fair Housing Act or other federal equal opportunity requirements.
2. The owner has not paid a significant portion of due State or local real estate taxes, fines or assessments.
3. The owner has committed fraud, bribery or other corrupt or criminal act in connection with any federal housing program.
4. The owner has engaged in any drug related activity or any violent criminal activity.
5. The owner has a history of non-compliance with HQS for units leased under the tenant-based programs, or with applicable housing standards for units leased with project-based Section 8 assistance or leased under any other federal housing program.
6. The owner has a history or practice of renting units that fail to meet State or local housing codes.
- ~~7. The owner has not paid State or local real estate taxes, fines or assessments.~~
78. The owner has violated obligations under a Housing Assistance Payments (HAP) contract for the Section 8 Program. Including if the owner charges or accepts, from the family or other source, any payment for rent (including garage rent, housing services, and any other charges) that have not been approved by the HRA.

89. The owner has a history or practice of failing to terminate tenancy of tenants of units assisted under Section 8 or any other federally assisted housing program for activity engaged in by the tenant, any member of the household, a guest or other person under the control of any member of the household that:

- a. Threatens the right to peaceful enjoyment of the premises by other residents;
- b. Threatens the health or safety of other residents, of employees of the HRA, or of owner employees or other persons engaged in management of the housing;
- c. Threatens the health or safety of, or the right to peaceful enjoyment of their residences, by persons residing in the immediate vicinity of the premises; or;
- d. Has engaged in any drug related activity or any violent criminal activity.

910. The owner is a parent, child, grandparent, grandchild, sister, or brother of any member of the family; unless the HRA has determined (and has notified the owner) that approving rental of the unit, notwithstanding such relationship, would provide reasonable accommodation for a family member who is a person with disabilities.

101. The owner is an occupant or has occupied the assisted unit for any period of time while receiving HAP payments on behalf of the family.

The HRA will require prospective owners to disclose ownership information if the HRA determines it is necessary prior to approval or disapproval of the owner. Nothing in this document or in the federal regulations is intended to give any owner any right to participate in the program.

## V. ONGOING OCCUPANCY

### A. Reexaminations

An itemized listing of participants indicating the initial execution date of leases and contracts will be used to determine the effective date of the next reexamination. Regulations require income and family circumstances to be reviewed at least once every 12 months. This process will begin at least 90 days prior to the anniversary date of the lease. The annual reexamination process will include an examination of income, family circumstances and composition, medical or child care expenses, as well as re inspection of the unit for continued compliance with Housing Quality Standards. An initial HQS inspection will be conducted if the family is moving to a new unit. Computation of the new Family Rent to Owner, and Housing Assistance Payment will then be made.

If the total number of permanent household members reduces before or at the reexamination, the HRA will apply the appropriate occupancy standards. Any resulting decrease in subsidy will

occur at the next reexamination date or move. A permanent household member is defined as a member who resides in the assisted unit at a minimum of 50% of the year, plus one day.

If a family has frequent income changes throughout the year, which makes it difficult to calculate Family Rent to Owner, the HRA has discretion to calculate the rent based on the previous 12 months of income.

Families with zero or minimal (less than \$100 per month) reported income will be recertified every 90 days and required to complete a zero income questionnaire/statement. Zero income will be confirmed by sending verifications to last known employers, and income sources, State Wage Data Departments, Social Security Administration, and other public welfare agencies. The HRA will schedule a recertification meeting every 90 days in the HRA office until household income is no longer zero/minimal. All cash and non-cash contributions to support the household will be considered as household income. Families must provide documentation of household expenses and how the expenses are paid.

All income will be verified by using HUD's Enterprise Income Verification (EIV) system. If EIV data is unavailable or out of date, the HRA will use third party verification at the time of the reexamination. If a third party verification is not possible, then checking W-2 Forms, or check stubs, viewing checks in payment of pensions, social security, alimony, etc. will be sufficient. All steps or investigations to insure accuracy of income and asset determinations will be made and will be documented in the files of the tenant. Social security amounts may be determined by adding COLA to the last verified amount. If total assets held by the household do not exceed \$5,000.00, third-party verification is not required. The household head then must sign a statement verifying assets held by the family do not exceed \$5,000.00 total.

If, at the time of a reexamination or an interim review, the HRA determines the Family Rent to Owner equals the full gross rent for the unit, their HAP payment will be zero. The unit however, shall remain under contract for six months unless the family moves. While the Family Rent to Owner is sufficient to pay the full gross rent on the unit, this shall not affect the family's other rights under the lease, nor shall such a determination preclude resumption of payments as a result of subsequent changes in income, rent, or other relevant circumstances within six months from the date of the last HAP payment.

If at the time of recertification, the family's share of rent increases, the effective date of the new rent amount is the anniversary date as noted by the HRA, after reasonable advance notice has been given to the family. In most cases, the HRA will provide at least 30 days notice of the new rent amount prior to the effective date.

Any household failing to respond to the HRA's request for recertification will be given a 30 day termination notice. Reasons for termination would include failure to return required verifications, failure to attend pre-scheduled appointments or failure to keep family obligations (as provided in the federal regulations).

The HRA may will re-certify special circumstances and/or approved reasonable accommodation requests during each annual reexamination after the initial approval based upon the permanency of the initial request. Additional information on reasonable accommodations is located in Appendix K.

## **B. Interim Reviews**

It is the responsibility of each participating family to report changes in family composition, income or in medical or child care expenses occurring prior to the family's next regular reexamination. Interim reviews will be conducted when:

- a family reports any changes in family size or circumstances
- a decrease in gross income (there will be no reduction in rent due to sanctions in TANF/MFIP)
- an increase in income, but only when an interim rent decrease has been calculated after the most recent reexamination
- increases in medical or daycare expenses that would lower the Family Rent to Owner;
- Or a change occurs in HUD regulations or HRA policies during the term of the lease.

All such changes must be reported within seven (7) days of the change. After reporting, an interim rent review resulting in a decrease in Family Rent to Owner will be effective the first of the following month. The reduction may be implemented on a provisional basis prior to completion of verification to prevent undue hardship to the family. Written notice of the redetermination will be sent to the family and the owner. An increase in income will result in an increase in the Family Rent to Owner only if an interim decrease has occurred since the most recent reexamination. The HRA will increase the Family Rent to Owner if a family stops working each year before their annual recertification appointment, then resumes working after effective re-exam date. Thirty day notice will be given prior to any interim rent increase. If money is owed to the client, it will be refunded by increasing the Housing Assistance Payment paid on behalf of the tenant.

Failure to report required changes in income or family status may result in termination from the Program. In the case of previously unreported income, where there is no fraud, and the change results in an increase in the participant's obligation, the HRA will require a repayment agreement to recoup any overpayment made by the HRA.

A family must request authorization from the HRA to add any person(s), other than a child, to the assisted household, if they are expected to be a permanent member or an overnight guest in the household for more than thirty (30) days in a year. Any adult being added to a household is required to attend a briefing session and must sign forms before being added to rent

assistance (including a consent to a criminal background check), and all adults must be parties to the lease. A child may be added to the household by birth, adoption, court awarded custody/guardianship or Delegation of Parental Authority, Delegation of Powers by Parent, or other written permission of the parent or other person having custody.

New persons may not be added to the household without the HRA's prior written approval (other than a child as noted above) and only after proper documentation has been submitted by the family and approved by the HRA. The HRA will not approve the addition of new household member(s) if by doing so will over-occupy the existing assisted unit. The voucher size will only be increased for permanent household members in accordance with the HRA's subsidy standards (see Appendix D). A permanent household member is a person who has been approved to be added by the HRA as a result of marriage, birth, formal adoption, court-awarded custody; or has been an HRA approved household member for 12 consecutive months.

The HRA will not issue a larger bedroom size voucher due to additions of family members (add-ons) other than by marriage, or the additional of a child as noted above. Minors added through parental delegation, written permission of the parent or person having custody, will be considered a temporary member for the first 12 months of tenancy and the HRA will not issue a larger bedroom size until after the 12<sup>th</sup> month.

A household add-on is not a member of the original family. The original family is defined as the family composition at time of admission or port-in. A household add-on will not increase the voucher size for which a voucher holder qualifies for without the household add-on. If a voucher holder voluntarily gives up the voucher rental subsidy, the household add-on does not have any rights to the voucher. An original family member who moves out of the assisted unit for more than 30 days will become an add-on member if they are subsequently added anytime in the future.

The HRA requires documentation to verify the permanent absence of an adult family member before they will be removed from the household. Such documentation to verify the absence may include: proof of another home address, including a valid lease or utility bill; valid driver's license with another home address; court issued order for protection; restraining order barring the member from the assisted unit; Domestic Abuse No Contact Order (DANCO) or documentation of incarceration including length of sentence.

### **C. Rent Determination**

The HRA subsidy payment is determined by locating the appropriate bedroom size and payment standard. The HRA uses the lower of actual bedroom size or the unit size on the Housing Choice Voucher. The greater of the minimum rent of \$50 or 30% of the family's monthly adjusted income is subtracted from the payment standard. This is the maximum subsidy.

The family cannot pay more than 40% of their monthly adjusted income toward the rent and utilities at the time of initial lease-up. If the unit selected costs the family more than 40% of their monthly adjusted income, the HRA will not approve the unit. The HRA calculates 40% of the family's monthly adjusted income and then adds the maximum HRA subsidy. This is the maximum "rent and utility limit" for the family. The HRA has established its minimum rent requirement as \$50. Any hardship exceptions will be reviewed by staff in accordance to HUD regulations. The HRA will accept written requests for hardship exceptions prior to the effective date of the rent calculation.

The Housing Choice Voucher program does not restrict rent increases after the initial lease term, but any increase in rent must be rent reasonable. The Housing Assistance Payment may be adjusted at the HRA's discretion. At the time of the lease renewal, a family must decide whether they wish to pay any rent increases proposed by the owner, or move to another unit. In the event that a Payment Standard is increased, the Housing Assistance Payment and the Family Rent to Owner will be adjusted at the time of the tenant's reexamination to reflect this change.

#### **D. Assistance**

Program participants are encouraged to contact the HRA if problems arise. While not functioning as a social service agency, the HRA does maintain an extensive resource file of the social service network and can readily make referrals. Program participants that are experiencing difficulties with owners regarding terms of the lease are encouraged to resolve disputes without HRA assistance. However, if a participant cannot resolve a dispute or feels the landlord is not complying with the lease or Contract provisions, the HRA will try to assist in the dispute.

[Participants may also consider seeking to resolve their dispute with an owner through the following agency:](#)

[Conflict Resolution Center](#)

[2101 Hennepin Avenue, Suite 100](#)

[Minneapolis, MN 55405](#)

[612-822-9883](#)

[mediation@crcminnesota.org](mailto:mediation@crcminnesota.org) • [www.crcminnesota.org](http://www.crcminnesota.org)

#### **E. Absence from Unit**

The family is required to seek approval from the HRA for any household member prior to being absent from the assisted unit for over 30 consecutive days. The HRA will require documentation to verify the need for the absence. In cases such as medical emergency, hospitalization, substance abuse treatment, or other reasonable accommodation, the HRA may approve temporary absences from the unit for over 30 consecutive days, not to exceed 180 consecutive days. For additional information on reasonable accommodation requests, see Appendix K.

## **F. Family Break-up**

If a family breaks-up, the HRA will determine which family member(s) retain use of the Housing Choice Voucher. In most cases, the HRA will assign the Housing Choice Voucher to the family member who retains custody of any dependent children. However, the HRA will consider the special circumstances of each case of family break-up, including the interests of any elderly or disabled family members and financial ability to provide familial support. Final determination of the assignment of a Housing Choice Voucher will be made by the HRA Administrator, whose decision will be final and binding. A victim of domestic or sexual violence will retain the Voucher (see Appendix G).

## **G. Live in Aide**

A family that consists of one or more elderly, near-elderly or disabled persons may request that the HRA approve a live-in aide to reside in the unit (1) determined to be essential to the care and well being of the person(s); (2) is not obligated for the support of the person(s); (3) and would not be living in the unit except to provide the necessary supportive services.

A live-in-aide may only reside in the unit with the approval of the HRA. Written verification will be required from a health care provider with knowledge of the family member's needs. The verification provided must certify that a live-in-aide is needed for the care of the family member as described above.

Occasional, intermittent, multiple or rotating care givers do not meet the definition of a live-in aide. The live-in-aide must reside with a family permanently for the family unit size to be adjusted in accordance with the subsidy standards established by the HRA. Therefore, regardless of whether these caregivers spend the night, an additional bedroom should not be approved.

Income of the live-in aide will not be counted for purposes of determining eligibility or amount of housing assistance; Live-in aides are not considered as a remaining member of the participant family and are therefore not entitled to any continued housing assistance if the household member they were aiding no longer participates in the program. The HRA will review annually the need for the live-in-aide by requiring written verification from a medical provider with knowledge of the family member's needs.

## **H. Moves with Assistance**

The HRA will approve moves by current program participants only once their lease term has been fulfilled. The HRA will consider and approve exceptions to this policy only for clients with special needs and/or circumstances. The tenant or the tenant's representative must supply the HRA with proper documentation to demonstrate the need for an early move. Examples of circumstances where the HRA would approve an early move include: incidents of domestic

violence, death of family member, a reasonable accommodation of a family member with a disability, and/or failure of the unit to meet HQS where the owner is unwilling to make the necessary repairs. For additional information on reasonable accommodation requests, see Appendix K.

The tenant must provide the HRA with written notice prior to a move. The notice must be received by the HRA no later than the greater of the notice period required in the lease for the tenant's current unit or one full month (one calendar month plus one day) prior to the move date. Failure to provide proper notice will result in the HRA not approving the move or delaying it until the following month.

A move will be denied if any family member owes the HRA, or any other PHA, any sum of money. All repayment agreements must be paid in full before a move will be approved.

The HRA will not deny a move for families covered by the VAWA (see appendix G).

The HRA will provide an explanation of the advantages of moving to an area that does not have a high concentration of low income families (as per HUD notice PIH 2016-09.) This information shall be presented as part meeting where a Voucher to move is issued and will include a map of areas of concentration in the Metro area.

#### **I. Guests or Visitors**

Program participants are required to report immediately to the HRA any guest or visitor in the household over fourteen (14) days, either in a row or spread out over any twelve (12) month period. The HRA may approve a visitor in the unit not to exceed a total of thirty (30) days within any twelve month period. Any guest or visitor in the unit over thirty (30) days will be considered a permanent household member and must be formally added by the family.

#### **J. Continued Assistance to Immigrant Families**

The HRA will not offer continued assistance at full level to program participants when the household contains members of non-eligible immigration status. During the determination of eligibility, the HRA will provide assistance until proper documentation is received. Assistance will be prorated for any families with individual members that cannot provide proper documentation of their legal immigration status.

#### **K. Procedures for Fraud and Abuse Complaints**

The Bloomington HRA will investigate a program participant only in the event of one or more of the following circumstances:

- **Referrals, Complaints, or Tips** - Referrals from other agencies, companies or persons which are received by mail, telephone or in person which allege that an assisted family is in non-compliance with or otherwise violating program rules will be followed up by staff. The referral must contain at least one item of information that is independently verifiable. A copy of the allegation will be placed in the tenant file.
- **Internal File Review** - If a review of a file reveals information or facts which conflict with previous file data, staff's knowledge of the family, or is in any way discrepant with statements made by the family, a follow-up will be made.
- **Verification or Documentation** - If an independent verification or documentation conflicts with representations in the tenant file (such as credit bureau reports) a follow-up (third-party) will be made. In addition, the HRA will utilize HUD's Enterprise Income Verification (EIV) system to verify a household's income and/or true circumstances. The HRA will review the household's EIV report(s) at least annually to ensure that the household is accurately reporting income to the HRA. Any discrepancies will be handled as described below.

**1. Handling of Allegations of Possible Abuse and Fraud** - All allegations of abuse or fraud from the community and other agencies will be thoroughly documented and placed in the participant's file. All allegations will be evaluated in order to determine if they warrant follow-up. There must be at least one verifiable fact in the allegation. Vague or non-specific allegations will not be followed-up.

With the HRA Authorization to Release Information, signed by the participant in question, the HRA may make inquiries to employers, or to verify other income, assets and/or expenses. The HRA may make inquiries to other agencies; and may access public records (real estate, marriage, divorce, voter registration, police records, state wage records, utility records and post office records).

At the conclusion of the investigation, the reviewer will report the findings to the HRA Administrator or designee who will determine whether facts support that a violation has occurred.

**2. Evaluation of findings** - A determination will be made depending upon:

- The type of violation (procedural, non-compliance or fraud)
- Whether the violation was intentional or unintentional
- What amount of money (if any) is owed to the HRA
- Is the family eligible for continued participation

**3. Actions for documented violations** - The type of violation will determine the procedure taken by the Section 8 staff. Violations shall be classified in the following manner:

**a) Procedural Noncompliance** - When a participant fails to observe Bloomington HRA procedures or Section 8 requirements, but does not misrepresent a material fact, and there is not overpayment of housing assistance. Examples are non-cooperation issues include, but are not limited to, failure to appear at a rescheduled appointment; or failure to return recertification documents in specified time period. The following steps will be followed:

A notice will be sent to the family which contains the following:

- A description of the noncompliance, and the procedure, policy or obligation violated.
- The date by which the violation must be corrected, or the procedure complied with in order to avoid termination.
- The action that will be taken by the HRA if there is noncompliance.
- The consequences of repeated (similar) violations. (See VI.BH Notice of Termination.)

**b) Procedural Noncompliance - Overpaid Housing Assistance** - When the participant owes money for failure to report changes in income or assets during the time between recertifications, the HRA will send a notice of termination containing the following:

- A description of the violation and dates
- The amount owed to the Section 8 Program to the extent known
- A ten day period to respond or request an informal hearing including instructions for the request of such hearing
- Information on the participant's right to an informal hearing. (See VI.B. Notice of Termination)

Participant Fails to Comply with Notice - If the participant fails to comply, and a family obligation has been violated, the HRA will terminate assistance in the manner prescribed by HUD.

(See VI.B. Confirmation of Termination)

When a participant complies within the allotted time given in the notice, the staff person responsible will follow up with a letter describing the participant's continuing status.

**c) Intentional Misrepresentations** - When a participant falsifies, misstates, omits or otherwise misrepresents a material fact which results (or would have resulted) in an overpayment of housing assistance, the HRA must establish (1) that the tenant had knowledge that their actions were wrong, and (2) that the tenant willfully violated program rules.

- The participant had knowledge their actions were wrong. This can be demonstrated by showing that the participant was made aware of program requirements and prohibitions. The participant's signature on various certifications; the HUD Voucher form, briefing certificate, -applications, and the applicant's certification(s), and Things You Should Know are adequate to establish knowledge of wrong doing.
- The participant willfully violated program rules will be terminated. Any of the following circumstances is adequate to demonstrate willful intent.
  - ♦ An admission by the participant of the misrepresentation.

- ◆ The act was done repeatedly.
- ◆ A false name or social security number is used.
- ◆ If there were admissions to others of the illegal action or omission.
- ◆ The participant omitted material facts which were known to them (employment of self or other household member).
- ◆ The participant falsified, forged or altered documents.

The HRA's letter will state the specific violation, the HRA's termination of assistance, the participant's right to an Informal Hearing, and a statement regarding the Informal Hearing Procedures. The participant will be given ten days to request an Informal Hearing. The letter will include information on the availability of free interpreters under the BHRA's LEP plan (Appendix H), how a family member may request a reasonable accommodation (Appendix K) and/or their rights under the VAWA (Appendix G).

The purpose of the letter is to review the information and evidence obtained by the Section 8 staff with the participant, and provide to the participant an opportunity to explain any document findings which conflict with representations in the participant's file. Any documents or evidence presented by the participant will be considered by the HRA. The participant will be given 10 calendar days to furnish any mitigating evidence.

Participants and applicants whose criminal history indicates a violation which would disallow their participation in the program will be afforded an informal review.

## **VI. TERMINATIONS**

### **A. Terminations by Participant**

A family must continue to occupy its approved unit for the initial lease term, unless the owner and family agree to a mutual rescission of the lease. Written notice of the rescission must be furnished to the HRA.

If the participant and landlord use the sample lease provided by the HRA, a participant may terminate the lease without cause at any time after the first year of the lease. The participant must provide a minimum of thirty (30) days and a maximum of sixty (60) days written notice to the owner as specified in the lease, with a copy to the HRA. The participant will then be reexamined to determine if they are still income eligible. If determined eligible, the participant will be issued a current Housing Choice Voucher to relocate.

If a participant chooses to go off the program, they will be terminated from the program on the effective date indicated in the confirmation letter sent by the HRA. If the participant chooses to participate in the program after the effective date, they must follow the standard application process.

If the participant and landlord have entered into a lease other than the HRA sample lease, the HUD Lease Addendum will prevail over the lease.

## **B. Terminations or Denials of Assistance by HRA**

The HRA may terminate a participant's housing assistance or deny an applicant from participating if:

- The participant or applicant has committed any fraud, bribery or other corrupt or criminal act in connection with any federal housing assistance program;
- The family has failed to acquire HRA approval to add an additional household member, guest or visitor, and they have resided in the assisted unit over thirty (30) days within a 12-month period;
- The participant has violated any family obligation under the Section 8 Housing Choice Voucher Program as described in the federal regulations;
- The participant or applicant has breached a repayment agreement with the Bloomington HRA or another PHA, as described in the federal regulations;
- The participant or applicant currently owes rent or other amounts to the Bloomington HRA or to another PHA in connection with a Section 8 Certificate or Voucher or public housing assistance under the United States Housing Act of 1937; the HRA will deny issuance of a new Housing Choice Voucher, or execution of a new Housing Assistance Payment Contract for that family, as stated in the federal regulation.
- The participant or applicant has engaged in drug-related criminal activity or violent criminal activity, including criminal activity by any Family member. Drug-related and violent criminal activity is further defined in the federal regulations.
- The applicant or participant or any member of the family has engaged in alcohol abuse or pattern of alcohol abuse that may threaten the health, safety or right to peaceful enjoyment of the premises by other residents.
- The applicant or participant or any member of the family is subject to a lifetime registration requirement under the State sex offender registration program.
- The family has been evicted for; or the owner has documented to the HRA evidence of, serious or repeated violations of the lease, damage to the unit that causes it to fail HQS inspection, and or drug-related or other criminal activity by members of the assisted household and its guests. The HRA shall have discretion or consider the preponderance of evidence, including the seriousness of the offense, the extent of participation by Family members, and the effects that denial or termination would have on Family members not

involved in the proscribed activities. The HRA may permit the remaining Family members to continue receiving assistance while imposing a condition that Family members who engaged in the proscribed activity will not reside in the assisted unit as provided in the federal regulations.

- The family has made side payment(s) to the owner for additional rent, services, utilities, garage space, etc, that have not been approved by the HRA.

If the Bloomington HRA decides to terminate Housing Assistance Payments for a participant family, an opportunity for an informal hearing will be granted according to current regulations as set forth in the HRA's Informal Hearing Procedure, Appendix E. The participant and owner will be given a written Notice of Termination. The Notice of Termination will state the reasons for termination, the effective date of termination, the family's right to request a hearing, and the family's responsibility to pay the full rent to the owner if they remain in occupancy beyond the termination date. The rent assistance for the terminated participant will end effective on the termination date unless the Hearing determination has not been given.

A NOTICE OF TERMINATION will be sent to families failing to comply with family obligations, HRA continued occupancy procedures, including: re-examination requirements; and failure to report household changes, etc. The Informal Hearing procedure is included in this Notice.

If the tenant does not respond, a notice of CONFIRMATION OF TERMINATION will be sent to the participant and the participant's Landlord confirming the termination and the tenant's responsibility to pay full rent to the owner. The grounds for denial or termination of assistance is further defined in the federal regulations.

If the HRA determines that the tenant must repay any amount of HAP as a result of a successful termination action, the debt must be paid in full and a repayment agreement will not be offered. The HRA will also seek to collect the debt immediately through the State of Minnesota Revenue Recapture process. If the amount owed exceeds \$5,000.00, the HRA will provide any necessary information to HUD's Inspector General for possible criminal prosecution. Note that the family is not responsible to repay amounts overpaid if due to HRA error or omission.

### **C. Terminations by Owner**

The owner may not terminate the tenancy of any participant on the Rent Assistance Program unless he complies with the requirements of local law and with current regulations for the Section 8 Housing Choice Voucher Programs. Tenancy terminations can occur only after serious or repeated violation of the terms and conditions of the lease, violation of Federal, State, or local law affecting occupancy or use of the dwelling unit, or other good cause. Examples of "other good cause" are outlined in the federal regulations.

During the term of the lease, the owner may not terminate the tenancy unless the termination is based on family malfeasance or nonfeasance. This is further defined in the federal regulations.

The owner may evict the tenant from the unit only by instituting a court action. The owner must notify the HRA in writing of the grounds for eviction at or before the commencement of the eviction action. The owner also must provide the HRA a copy of any owner eviction notice to the tenant.

The owner may evict the tenant at anytime for serious or repeated violations of the lease; and or drug related or other criminal activity by members of the assisted household and its guests. Eviction of a family for said causes may also result in termination of assistance by the HRA. Any eviction must be in accordance with State and local law.

#### **D. Termination Due to Death of Single-Member Household**

As set forth in federal regulations, the HRA will take the following actions upon the death of a single-member household. For deceased single member households or a household where the remaining household member is a live-in aide, the HRA will discontinue HAP to the owner no later than the first of the following month after the death occurred.

If an owner receives HAP for any month in which the owner is ineligible to receive HAP because of a deceased tenant, the HRA will immediately notify the owner in writing of the ineligible HAP and require the owner to repay the overpayment to the HRA within 30 days. If the owner does not comply, the HRA will deduct the amount due to the HRA from any amounts due to the owner under any other HAP contract. If there is no other HAP contract with the owner, the HRA may seek and obtain additional relief by judicial order or action in accordance with state and local laws.

The HRA will generate the Deceased Tenants Report from HUD's Enterprise Income Verification (EIV) system at least once a month. The HRA staff will review the list and take any necessary actions, including interim rent changes and termination of HAP as noted above.

### **VII. HOUSING CHOICE VOUCHER PORTABILITY**

The portability of Housing Choice Vouchers refers to the opportunity for participants to move outside the HRA's jurisdiction while continuing to receive assistance. An applicant family is eligible for portability at initial lease-up only if they lived in the HRA's jurisdiction at the time of their initial application. An existing program participant is eligible for portability if they hold a current Housing Choice Voucher.

Housing Choice Vouchers have unlimited portability within the nation. The portability feature of the Housing Choice Voucher may be used only once in a 12 month period.

In order to accommodate a person or family with a hardship, the HRA will allow a family with special needs to be portable even if they have never lived in Bloomington upon concurrence with the receiving PHA. The family must provide documentation of the hardship to the HRA for approval in such cases. Families that include a family member with a disability may request a reasonable accommodation in the portability move process. Additional information on reasonable accommodations is located in Appendix K.

A Receiving PHA that administers a Housing Choice Voucher program may not limit the number of Housing Choice Vouchers issued by other PHAs to portable families coming into their jurisdiction.

The Bloomington HRA will determine the family unit size for incoming portable families. The family unit size is determined in accordance with the subsidy standards established by the Bloomington HRA, as stated in federal regulations (CFR 982.355 (c) (7)). In addition, the HRA will perform criminal background checks on all adult members of incoming portable families. Those found with a criminal history will be denied admission. (See Part II, Section D: "Denial of Assistance" for a complete definition of criminal activity.)

When the family moves out of Bloomington's jurisdiction under the portability provisions, Bloomington HRA retains the funding for that Housing Choice Voucher under its Annual Contributions Contract (ACC).

## **VIII. PROGRAM PROCEDURES AND REVIEW**

The lease-up of the Section 8 Housing Choice Vouchers will be conducted for the maximum Housing Choice Vouchers allowed under the budget. Housing Choice Voucher issuances will be based on the current utilization of funds and the anticipated Housing Choice Voucher turnover. The HRA will over-issue to the extent necessary to fully utilize the budget dollars available.

The Fair Market Rent schedule is that which is annually established by HUD for the HRA's area of jurisdiction. The Payment Standard for the Housing Choice Voucher program is reviewed on an annual basis by the HRA. The Payment Standard will never be more than 110% of the published FMR or Bloomington's HUD approved exception rents, nor less than ninety (90) of the FMR. Factors to be considered in establishing the Payment Standard include, but are not limited to, participants' rent burden, actual contract rents for specific bedroom sizes, the average time period for finding eligible housing, the annual adjustment factor and local vacancy rates.

Ongoing monitoring of market rents will be accomplished through continual feedback from applicant families as they search for suitable units. Annual market rent surveys will also be conducted, giving a more thorough analysis of the market spread of rents throughout Bloomington.

To assure the continued affordability of housing by families participating on the Housing Choice Voucher program, the HRA may increase the amount of the Payment Standard. This is by way of an affordability adjustment. This adjustment is made to offset increases in housing costs experienced by the family and is based on actual increases in the rental market. The adjustment is made by changing the amount of the payment standard. The HRA may decide to establish an affordability adjustment that will be used to determine the Housing Assistance Payments for all participating Housing Choice Voucher families, or for certain bedroom sizes.

The Operating Reserve accounts for the Housing Choice Voucher programs are credited with earned administrative fees that exceed expenditures for program administration during the fiscal year. Any transfer of funds from the Operating Reserve accounts for other housing purposes as described in HUD regulations and handbooks may only be made with the prior approval of the HRA Commissioners.

The foregoing policies are subject to review and amendment by the Housing and Redevelopment Authority in and for the City of Bloomington. Amendments will be made by inclusion of administrative memos on an as needed basis to reflect current practices in the administration of the Rent Assistance Program.

## **IX. BUDGETING/STAFFING INFORMATION**

Current staffing needs for the Section 8 Rent Assistance Program are met by four Program Specialists. Additional support staff includes an Office Assistant, accountant, and ongoing administrative supervision. No staff member charges more than 100 percent of their time to Section 8 Housing Choice Voucher administration.

Regular staff functions include, but are not limited to, outreach, intake and briefings, eligibility determinations, HQS inspections, recertifications, monthly payment processing, coordination of incoming and outgoing portability, information and referral, damage claim processing and terminations, monitoring program performance and lease-up, liaison between tenant and owner and financial management of the Program.

Three full-time Program Specialists currently handle a majority of the direct client work. All Program Specialists have been trained to handle all areas of the leasing process, from intake to reexaminations. Therefore, it is not practical to delineate salary and contract costs by function.

**APPENDIX A**

**HOUSING AND REDEVELOPMENT AUTHORITY  
in and for the City of Bloomington**

**EQUAL OPPORTUNITY HOUSING PLAN**

Bloomington Housing and Redevelopment Authority  
1800 West Old Shakopee Road  
Bloomington, Minnesota 55431

(952) 563-8937

Location of Program: City of Bloomington, Minnesota

Number of Units Anticipated:

Vouchers	<b>551</b>
Total	<b>551</b> (Up to 50 of these units may be assigned as “project based” units after Request for Proposals have been issued to the public.)

**A. COMMUNITY-WIDE INFORMATION EFFORTS**

1. Paid advertising (indicate frequency and media): Public advertisements may be published weekly in three metro area newspapers, for a time period necessary to acquire a waiting list of sufficient size. Newspapers: Minneapolis Star Tribune, Bloomington Sun, and City Pages.
2. Press releases : Press releases will be sent for inclusion in the Bloomington Sun and newsletters of the Asian Pages, Asian American Press, and Hispanos En Minnesota, Access Press, along with the MN Talking Book Radio Network, among other organizations serving minority and disabled populations. The HRA will maintain a complete list of press release recipients.
3. Brochures (indicate if planned): In place of brochures, the HRA shall maintain an up to date website describing the program and requirements for eligibility is available. Included in this is the Equal Housing Opportunity logo, as well as the City's TDD phone number for the hearing impaired, statement regarding accommodation of persons with disabilities.
4. Community contacts (enumerate those planned): Written announcements regarding voucher availability will be sent to Cornerstone Advocacy Service, Courage Center, Creekside Community Center, City offices of Community &

Special Services, South Hennepin County Social Services, Sabathani Community Center, Metro HRA, Minneapolis Society for the Blind, Bloomington Richfield Family Center, SHAPE, and City of Bloomington Public Health and other interested agencies and service providers.

5. Internet: The HRA will post notice of voucher availability on the HRA web page and on [www.Housinglink.org](http://www.Housinglink.org).
6. Other: Cable TV continuous on the air scroll or character generated announcements will be aired prior to and during application time period.

## B. SPECIAL EFFORTS TO ATTRACT FAMILIES

1. State which group(s), on the basis of past experience or in your judgment, are not otherwise expected to apply for Housing Choice Vouchers without special outreach because of factors such as race, ethnicity or source of income. Laotian Community, including Hmong population, Blacks, American Indians, and Spanish Americans, Mexican Americans, Vietnamese and persons with disabilities.
2. Describe any special efforts to encourage such group(s) to apply:
  - a. Paid advertising (indicate frequency and media): A classified advertisement may be placed in the Minneapolis Star Tribune weekly for two weeks; a display ad will be placed in the City Pages, along with a quarter-page display ad in the Bloomington Sun.
  - b. Press releases (number anticipated): Press releases will be sent for inclusion in minority newspapers and newsletters, including: Asian Pages, Asian American Press, Access Press, and Hispanos En Minnesota. The HRA will maintain an updated list for each opening of the any waiting list.
  - c. Brochures (indicate if planned): In place of brochures, the HRA shall maintain a website describing the program, along with the requirements for eligibility, will be distributed to metro area community services organizations, such as those listed above in pat "A. Community-wide Information Efforts."
  - d. Community contacts (enumerate those planned): Written announcements regarding voucher availability will be distributed to Sabathani Community Center, Asian Pages, Asian American Press, [Access Press](#), Hispanos En MN, Hennepin County Economic Assistance and Social Services. The HRA will maintain an updated list for each opening of the waiting list.

- e. Internet: The HRA will post notice of voucher availability on the HRA web page and on [www.Housinglink.org](http://www.Housinglink.org).
  
- f. Other: Other special population groups include the disabled, homeless physically and homeless mentally handicapped. Outreach for these groups is channeled through the City of Bloomington Office of Special Services and Hennepin County Dept. of Social Services. Additionally, **yearly** activities include updating and evaluating current waiting lists to identify homeless mentally ill and homeless developmentally disabled families; applying local preferences and reclassifying their position on the waiting lists; notifying agencies that serve the homeless; and advertising in the metro area newspapers of Section 8 assistance availability for these specific populations.

### C. SPECIAL EFFORTS TO ENCOURAGE OWNER AND BROKER PARTICIPATION

Describe efforts to be made to encourage the participation of owners, brokers, property managers and associations thereof with units in areas other than low-income or minority concentrated areas.

1. Paid advertising (indicate frequency and media): As necessary, a display ad will be published in the Bloomington Sun with a brief description of the program, along with advantages of participation for owners and landlords.
  
2. Press releases (number anticipated): As necessary, an advertisement encouraging participation will be published in the monthly newsletter of the Minnesota Multi-Housing Association and the Bloomington Sun, [Access Press](#) and Minnesota Real Estate Journal.
  
3. Brochures (indicate if planned): Current "Owner Advantage Sheet" will be expanded and redesigned as brochure for distribution to owners, landlords, property managers, and real estate agencies. This will include special incentive for owners with accessible units, i.e., posting of available units in housing and community services offices.
  
4. Community contacts (enumerate those planned): Insert will be designed to include with City's water billings. Brochures will be mailed to multi-dwelling unit owners as listed with the City's licensing Division and real estate agencies in the area.
  
5. Other: Invitation to owners of multi-dwelling units to attend information seminar regarding advantages and responsibilities of owner participation in the Section 8 Housing Choice Voucher Program. In addition, the HRA will encourage Bloomington owners, through mailings and other means, to list their vacancies with Housing Links' web based vacancy listing service.

6. Disperse information through Bloomington Rental Collaborative.
7. As necessary, the HRA will post owner information on the HRA web site.

D. UTILIZATION OF RECENTLY COMPLETED PROJECTS AND HUD-HELD PROPERTIES

1. Do you plan to utilize any recently completed projects or any HUD-held properties?:  
No

E. ESTABLISHMENT OF WAITING LIST AND ISSUANCE OF HOUSING CHOICE VOUCHERS

1. Attach a copy of the policies and procedures of the PHA. The criteria for the establishment of a waiting list and the issuance of housing choice vouchers shall be consistent with:

Equal Opportunity Plan is incorporated in the HRA Administrative Plan.

~~a. "Finders Keepers" policy~~

~~b. Thirty (30) percent of assisted families to be very low income families).~~

~~ea.~~ Title VI of the Civil Rights Act of 1964, Title VIII of the civil Rights act of 1968 and Executive Order 11063 ).

~~eb.~~ Opportunity to remain in currently occupied dwelling.

~~ec.~~ Local housing assistance plan including responsibilities if any, for re-housing displaced families.

d. Limiting number of vouchers issued to conform to ACC authorization.

e. In each fiscal year, at least 75 percent of the PHA's new admissions to the Section 8 program must have incomes that do not exceed ~~30% of the area median income as published by HUD, with adjustments for smaller and larger families the~~ income limits for Extremely Low Income (ELI) families.

2. Briefing of Housing Choice Voucher Holders

Equal Opportunity Plan is incorporated in the HRA Administrative Plan.

- a. Describe how all Housing Choice Voucher Holders will be informed individually or in groups of the following vital program information as required by Section 8 - Housing Assistance Payments Program-Existing Housing regulations.
- (1) Family and owner responsibilities under the lease and contract.
  - (2) How to find a suitable unit.
  - (3) Applicable housing quality standards and procedures for family and owner inspections and for their individual certifications of compliance with those standards.
  - (4) Applicable State and local laws.
  - (5) Federal, State and local fair housing laws.
  - ~~(6) Operation of the shopping incentive credit.~~
  - (6) The HRA will provide an explanation of the advantages of moving to an area that does not have a high concentration of low income families (as per HUD notice PIH 2016-09.) This information shall be presented as part meeting where a Voucher to move is issued and will include a map of areas of concentration in the Metro area.
- b. Attach the list of persons who will conduct any briefing sessions and a statement of the training each has received or will receive regarding implementation of local, State and Federal fair housing laws.
- c. What community agencies, organizations or groups will assist in the briefing sessions? Briefing sessions will be conducted by staff, with assistance from an interpreter if necessary for translating program information to minority populations; or assistance from a 'signer' if necessary, for hearing impaired clients.
- d. Explain the procedures that will be followed when families encounter discrimination (attach extra sheets if needed). Included in the voucher packet will be a brochure for applicants encountering discrimination. See attached. Also included in the packet is the HUD Housing Discrimination Complaint form and the HUD Fair Housing brochure.

## F. STAFFING

1. What is the PHA's experience in administering a housing program for a racially and ethnically varied population? Bloomington has carried out a program of equal housing opportunities for a racially and ethnically varied population since its inception. The Authority continues to pursue a program of fair housing and equal opportunity for all applicants and participants on Authority programs.
2. Describe the nondiscrimination hiring policy for staff for this program and indicate present racial composition of such staff by title. Housing Authority staff persons are contracted through the City of Bloomington. Racial composition of staff for this program: six Program Specialists - 5 White/Caucasian; HRA Accountant-White/Caucasian; Administrator, Program Manager, Office Support Specialist, and Office Assistant-White/Caucasian.
3. Attach a copy of the PHA's Affirmative Action Employment Plan, if any. Authority staff is contracted through the City of Bloomington. Attached is the City's Affirmative Action Program. See attached.
4. Attach a copy of instructions given to all employees regarding compliance with local State and Federal fair housing laws. This is a HUD employee information sheet entitled, "The Meaning of Equal Opportunity in Housing." Employees receive on-going training in Fair Housing, 504 and ADA training.

G. OTHER

Please describe other aspects of your Equal Opportunity Housing Plan not adequately covered by this form. None.

H. ASSURANCES

1. Attach a signed assurance of compliance (HUD Form 916) with Title VI of the Civil Rights Act of 1964 and signed assurance of compliance with Title VIII of the Civil Rights Act of 1968 and Executive Order 11063.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

## **A P P E N D I X B**

### **HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington**

#### **DEFINITION OF INCOME AND ASSETS**

Annual income is the anticipated total income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as provided below. Income shall include but not be limited to the following:

- 1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services; All income of full-time students, 18 years and older (except Federal work-study programs under title IV of the Higher Education Act of 1965).
- 2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family;
- 3) Interest, dividends and other net income of any kind from real or personal property in excess of a combined value of \$5,000.00. Expenditures for amortizations of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation as provided in Internal Revenue Service regulations. If a withdrawal is for reimbursement of cash or assets invested by the Family it is not counted as income. Where the Family has Net Family Assets in excess of \$5,000, Annual Income shall include the greater of the actual income derived from all Net Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;
- 4) The full amount of periodic payments received from Social Security annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment;

- 5) Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay;
- 6) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of: a) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; or b) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced due to sanctions for non-compliance, the rental contribution for this family will not be decreased. Income will include the amount of benefits that would have been paid without the sanction.

7) — State school grants in excess of school expenditures should be counted;

78) Periodic and determinable allowances, such as spousal maintenance ~~alimony~~ and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

98) All regular pay, special pay and allowances of a member of the Armed Forces;

Annual income does not include such temporary, non-recurring or sporadic income as the following:

- 1) Income from employment of children, including foster children, under the age of 18 years;
- 2) Payments received for the care of foster children;
- 3) Lump sum additions to family assets, such as inheritances, insurance payments, including payments under health and accident insurance and worker's compensation, capital gains and settlement for personal or property losses;
- 4) Amounts received by the family that are specifically for or in reimbursement of the cost of medical expenses for any family member;
- 5) Income of a live-in aide;
- 6) Amounts of educational scholarships paid directly to the student or to the educational institution and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. No part of a Federal Pell Grant, SEOG, and/or Work Study under Title IV of the Higher Education Act of 1965 will be counted. Any amount of

such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income;

- 7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- 8) Amounts received while in a training program funded by HUD;
- 9) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income (SSI) eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- 10) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- 11) Temporary, non-recurring or sporadic income, including gifts;
- 12) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the U.S. Housing Act of 1937.
- 13) Amounts disregarded under the ~~Disallowance for Persons with Disabilities exclusion, effective February 20, 2001 under (24CFR5.617)~~ earned income disregard (EID) regulations.

The family must disclose the total value of assets held by the family. If the net value is less than \$5,000.00, the HRA is not obligated to verify the assets or count any income from the assets in the rent calculation. If the net value of household assets is \$5,000.00 or greater, the HRA will verify all assets held by the family and count any resulting income. Net family assets include:

The net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds and other forms of capital investment, excluding interests in Indian trust land and the equity in a housing cooperative unit or in a manufactured home in which the family resides. The value of necessary items of personal property such as furniture and automobiles shall be excluded. (In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income.)

In determining net family assets, the HRA shall include the value of any assets disposed of by an applicant or tenant for less than fair market value (including a disposition in trust, but not in a

foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefore. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollars terms.

## APPENDIX C

### HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington

#### SELECTION PREFERENCES

In accordance with federal regulations, the HRA may give preference to families according to Preferences. The HRA has adopted the following Preferences.

##### **Involuntary Displacement**

An applicant currently living in Bloomington is or will be involuntarily displaced if the applicant has vacated or will have to vacate his or her housing unit as a result of one or more of the following actions:

1. Activity carried on by Bloomington local governmental body or agency in connection with code enforcement or a public improvement (not including resident caused code violation) or development program.

~~2. An applicant is involuntarily displaced if the person is a witness to a crime.~~

23. An applicant is involuntarily displaced if they are victims of hate crimes. "Hate crime" is actual or threatened violence or intimidation of a person or their property because of race, color, religion, sex, actual or perceived sexual orientation, gender identity, national origin, familial status or handicap.

34. An applicant displaced as result of a disaster.

Numbers ~~2 and 3~~ is are granted only if the law enforcement agency or appropriate social service agency has carried out a threat assessment and recommends re-housing a family (including non-Bloomington residents).

##### **Continuously Assisted**

A continuously assisted family is defined as a family who is presently receiving (or has received housing assistance with in one year) from any 1937 Housing Act authorized program administered by the Bloomington HRA, when admitted to the HRA's voucher program. The family's participation in the housing program must be ending, or have ended, prior to admission to the voucher waiting list. The waiting list will always be open to applicants who meet this definition of continually assisted. The HRA will admit continuously assisted families with incomes at or below the low income limit (80% of median), as established by HUD.

## **Bloomington Residents**

Applicants who qualify for this Preference must live, work, or be hired to work in Bloomington at the time of their initial application. (The employer must be located within the City of Bloomington. If self-employed, the home address of the applicant will be considered the work address, if no other permanent work site exists.)

Or, an applicant must be enrolled in a recognized training and counseling program in Bloomington designed to assist the applicant family in becoming self-sufficient or reduce their dependency on welfare and other assistance programs.

Or, an applicant who is in a recognized Bloomington school with a college degree, diploma or certificate program, and is enrolled in at least one class with lab or two classes per quarter or semester (verifiable via fee statements and grade transcripts).

A residency preference will also be given to those disabled applicants who utilize established service providers located within the City of Bloomington to receive ongoing medical services and/or treatment related to the disability.

### **Exception Preference**

NOTE: In order to meet HUD requirements for admission of extremely low income, persons with preference but with higher incomes may be passed over until the HUD requirements are met.

## APPENDIX D

### HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington

#### SUBSIDY STANDARDS

Number & Composition of Household Members	Number Bedrooms
1 Person	1
2 Persons	1 or 2
3 Persons	2
4 Persons	2
5-6 Persons	3
7-8 Persons	4
9-10 Persons	5

Subsidy Standards are set forth to determine the bedroom size to be designated on the Housing Choice Voucher for families of different sizes and compositions. The purpose in establishing unit sizes for subsidy is to avoid overcrowding, while maximizing the use of space and minimizing subsidy costs. The HRA will assign families consisting of an adult(s) and children, to a bedroom size that allows the adult(s) a separate bedroom or sleeping room (living room). Example: An adult with one child is a family of 2 persons and can qualify for both a one bedroom and/or a two bedroom voucher. The HRA will allow a family to choose the smaller bedroom size if it is the family's preference and the subsidy is available. When a family member over age 18 moves away from home during the school year (i.e. in college) and is physically living elsewhere more than 50% of the time, the HRA may reduce the family subsidy level if necessary to meet subsidy guidelines. This reduction in subsidy will take place at the next annual recertification that is not less than 12 months from date of move-out of the family member, but not more than 24 months from date of move-out.

The HRA will issue Housing Choice Vouchers based on the Subsidy Standards listed above; however, for continued occupancy in Bloomington, the HRA will consider other household configurations provided the unit is not over-crowded per Housing Quality Standards (HQS). Exceptions to the Subsidy Standard may be granted if the applicant has a documented need for the storage and operation of prescribed medical equipment from a health care provider. The

actual equipment must be verified by the HRA before approving the additional bedroom. Such a request may be a reasonable accommodation. Additional reasonable accommodation information may be found in Appendix K. Thereafter, the need for the bedroom will be determined annually during the inspection of the unit. If the extra bedroom is not being used for the intended purpose, the HRA must reduce the subsidy standard and corresponding payment standard at the family's next recertification.

## **A P P E N D I X E**

### **HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington**

#### **SECTION 8 HOUSING CHOICE VOUCHER PROGRAM INFORMAL REVIEW AND HEARING PROCEDURE**

The purpose of this informal review and hearing procedure is to provide an Applicant or Participant on the Bloomington Housing and Redevelopment Authority (HRA) Section 8 Existing Housing Assistance Program an opportunity for an informal review or hearing of a decision by the HRA to deny, reduce, or terminate assistance. It is not the purpose of the review or hearing to resolve disputes or problems which occur between applicants, participants, and owners, nor to review discretionary administrative determinations by the HRA. Rather, the review and hearing process is established to determine whether an HRA decision is in accordance with applicable laws, HUD regulations, and HRA administrative standards.

Informal Review for Applicants and Participants:

#### Applicants

1. The HRA shall give an applicant for participation on the Section 8 Housing Choice Voucher Assistance Program a prompt written notice of a decision denying assistance, including a decision denying listing on the HRA's waiting list, issuance of a Housing Choice Voucher, or participation on one or both of the Programs. The notice shall also state that the Applicant may request in writing, an informal hearing of the decision within 10 working days.
2. The family will be informed of their right to pre-discovery of HRA documents, including records and regulations that are directly relevant to the review. The family will be allowed to copy any such documents at the HRA's expense. The HRA may not rely on a document withheld from disclosure. The family will be provided copies of any criminal records.
3. The family must produce to the HRA any relevant family documents for pre-discovery which are directly related to the review. The family must produce the documents at the HRA offices within three working days prior to the scheduled review. The family may not rely on a document withheld from disclosure.
4. The informal review will be held at the Authority offices and conducted by any person or persons designated by the HRA, other than the individual that originally issued the denial or a subordinate of that person

5. At the informal review, the Applicant will be given the opportunity to present written or oral objections to the HRA decision. Every attempt will be made at the time of the informal review to resolve the dispute.

6. Following the hearing, the HRA will notify the Applicant in writing within 30 days of the final HRA decision, including a brief statement of the reason(s) for the final decision.

The HRA is not required to provide an Applicant with an informal review in the following cases:

-To consider discretionary administrative determinations by the HRA or to consider general policy issues or class grievances;

-To review the HRA's determination of the number of bedrooms entered on the Housing Choice Voucher in accordance with the subsidy standards established by the HRA;

-To review the HRA's determination that a unit does not comply with the Housing Quality Standards or the HRA's determination to not approve the lease for the unit;

-To review the HRA's decision not to approve a request for an extension on an Applicant's Housing Choice Voucher.

-An HRA determination not to grant approval to lease a unit under the program or to approve a proposed lease.

-An HRA determination that a unit selected by the applicant is not in compliance with HQS.

-An HRA determination the unit is not in accordance with HQS because of the family size or composition.

Informal Hearing for Participants:

1. The HRA shall give a Participant on the Section 8 Existing Housing Voucher program a prompt written notice of a decision affecting their status on the Program and shall state the reasons for the decision. If the Participant does not agree with the decision, an informal hearing may be requested in writing within 10 working days. An opportunity for a hearing will be granted in the following cases only:

-A determination of the amount of the Family Rent to Owner, the determination of the household annual or adjusted income, the use of income to calculate the housing assistance payment and determination of the appropriate utility allowance;

-A decision to deny or terminate assistance;

-A decision to reduce the unit size allowed for the participant family or to grant an exception from the standards;

-A determination of the number of bedrooms allowed for a participant family that wishes to move to another unit.

-Participants who violate program rules with respect to criminal activities will be afforded an informal hearing. Copies of criminal records will be provided to the tenant.

2. The informal hearing will be conducted by persons or person designated by the HRA Administrator other than the individual who originally issued the decision or subordinate to that person. In the case of termination from the program, except in cases of failure to make repayment, the hearing examiner will be an individual outside of HRA staff.

3. The participant may be represented by a lawyer or other representative at their own expense.

4. The family will be informed of their right to pre-discovery of HRA documents, including records and regulations that are directly relevant to the hearing. The family will be allowed to copy any such documents at the HRA's expense. The HRA may not rely on a document withheld from disclosure.

5. The family must produce to the HRA any relevant family documents for pre-discovery which are directly related to the hearing. The family must produce the documents at the HRA offices within three working days prior to the scheduled hearing. The family may not rely on a document withheld from disclosure.

6. At the informal hearing, the HRA and the Participant will be given the opportunity to present evidence and may question any witnesses.

7. Following the hearing, the HRA will notify the participant in writing within 30 days, of the final decision, including a brief statement of the reason(s) for the decision. The hearing officer's decision will be based upon the preponderance of the evidence presented at the hearing.

The HRA is not required to provide the Participant with an informal hearing in the following cases:

-To review discretionary administrative determinations by the HRA or to consider general policy issues or class grievances;

-To review the HRA's determination that a unit does not comply with Housing Quality Standards due to the Owner's lack of maintenance, or because of an increase in family size or change in family composition;

-To review an HRA decision to exercise any remedy against the owner under an outstanding Contract;

- To review an HRA decision not to approve a request for an extension or suspension of a Housing Choice Voucher term.
- The establishment of the HRA schedule of utility allowances for families in the program.
- A determination not to approve a unit or lease.

**A P P E N D I X F**

**HOUSING AND REDEVELOPMENT AUTHORITY  
in and for the City of Bloomington**

**SECTION 8 RENTAL ASSISTANCE PROGRAM  
BUDGET/STAFF INFORMATION**

Attached are Budget and Staffing printouts for the Section 8 Rent Assistance Program:

1. HRA Levy Budget- Housing Choice Voucher Program
2. Section 8 Program Time Allocation

## APPENDIX G

### HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington

#### VIOLENCE AGAINST WOMEN ACT (VAWA) POLICY

##### I. Purpose and Applicability

The purpose of this policy (herein called "Policy") is to implement the applicable provisions of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Pub. L. 109-162), VAWA Reauthorization Act of 2013, Pub. L. 113-4, Title VI, 127 Stat. 54 (March 7, 2013) and more generally to set forth the Bloomington Housing and Redevelopment Authority's (BHRA) policies and procedures regarding domestic violence, sexual assault, dating violence, and stalking, as hereinafter defined.

This Policy shall be applicable to the administration by BHRA of all federally subsidized public housing and Section 8 rental assistance under the United States Housing Act of 1937 (42 U.S.C. §1437 *et seq.*). Notwithstanding its title, this policy is gender-neutral, and its protections are available to males who are victims of domestic violence, sexual assault, dating violence, or stalking as well as female victims of such violence.

##### II. Goals and Objectives

This Policy has the following principal goals and objectives:

- Maintaining compliance with all applicable legal requirements imposed by VAWA;
- Ensuring the physical safety of victims of actual or threatened domestic violence, dating violence, sexual assault or stalking who are assisted by BHRA;
- Providing and maintaining housing opportunities for victims of domestic violence, sexual assault, dating violence, or stalking;
- Creating and maintaining collaborative arrangements between BHRA, law enforcement authorities, victim service providers, and others to promote the safety and well-being of victims of actual and threatened domestic violence, sexual assault, dating violence and stalking, who are assisted by BHRA; and
- Taking appropriate action in response to an incident or incidents of domestic violence, sexual assault, dating violence, or stalking, affecting individuals assisted by BHRA.

##### III. Other BHRA Policies and Procedures

This Policy shall be referenced in and attached to BHRA's Five-Year Public Housing Agency Plan and shall be incorporated in and made a part of BHRA's Admissions and Continued Occupancy Policy (ACOP) and the Administrative Plan for the BHRA's Section 8 Housing Choice Voucher Program. BHRA's annual public housing agency plan shall also contain information concerning BHRA's activities, services or programs relating to domestic violence, sexual assault, dating violence, and stalking.

#### IV. Definitions

As used in this Policy:

- A. *Domestic Violence* – The term 'domestic violence' includes felony or misdemeanor crimes of violence committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabiting with or has cohabited with the victim as a spouse, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.
  
- B. *Dating Violence* – means violence committed by a person—
  1. who is or has been in a social relationship of a romantic or intimate nature with the victim; and
  2. where the existence of such a relationship shall be determined based on a consideration of the following factors:
    - (i) The length of the relationship.
    - (ii) The type of relationship.
    - (iii) The frequency of interaction between the persons involved in the relationship.
  
- C. *Stalking* – means -
  1. to follow, pursue, or repeatedly commit acts with the intent to kill, injure, harass, or intimidate another person; and (ii) to place under surveillance with the intent to kill, injure, harass or intimidate another person; and
  2. in the course of, or as a result of, such following, pursuit, surveillance or repeatedly committed acts, to place a person in reasonable fear of the death of, or serious bodily injury to, or to cause substantial emotional harm to –
    - (i) that person;
    - (ii) a member of the immediate family of that person; or
    - (iii) the spouse or intimate partner of that person;
  
- D. *Affiliated Individual* - means, with respect to an individual –
  1. a spouse, parent, brother, sister, or child of that individual, or an individual to whom that person stands in loco parentis; or
  2. any individual, tenant, or lawful occupant living in the household of that individual.

- E. *Perpetrator* – means person who commits an act of domestic violence, dating violence, sexual assault or stalking against a victim.
- F. *Sexual Assault*- means any nonconsensual sexual act proscribed by Federal, tribal, State law, including when the victim lacks capacity to consent.

## V. Admissions and Screening

- A. *Non-Denial of Assistance*. BHRA will not deny admission to public housing or to the Section 8 rental assistance program to any person because that person is or has been a victim of domestic violence, sexual assault, dating violence, or stalking, provided that such person is otherwise qualified for such admission.
- *Mitigation of Disqualifying Information*. When so requested in writing by an applicant for assistance whose history includes incidents in which the applicant was a victim of domestic violence, dating violence, sexual assault or stalking, , BHRA, may but shall not be obligated to, take such information into account in mitigation of potentially disqualifying information, such as poor credit history or previous damage to a dwelling. If requested by an applicant to take such mitigating information into account, BHRA shall be entitled to conduct such inquiries as are reasonably necessary to verify the claimed history of domestic violence, dating violence, sexual assault or stalking and its probable relevance to the potentially disqualifying information.

## VI. Termination of Tenancy or Assistance

- A. *VAWA Protections*. Under VAWA, persons assisted under the Section 8 rental assistance program (and affiliated individuals) have the following specific protections, which will be observed by BHRA:
  - 1. An incident or incidents of actual or threatened domestic violence, dating violence, sexual assault or stalking will not be considered to be a “serious or repeated” violation of the lease by the victim or threatened victim of that violence and will not be good cause for terminating the tenancy or occupancy rights of or assistance to the victim or threatened victim of that violence.
  - 2. In addition to the foregoing, tenancy assistance or occupancy rights will not be terminated by BHRA as a result of criminal activity, if that criminal activity is directly related to domestic violence, dating violence, sexual assault or stalking engaged in by a member of the assisted household, a guest or another person under the tenant’s control, if the tenant or an affiliated individual of the tenant is the victim or threatened victim of this criminal activity. However, the protection against termination of tenancy or assistance described in this paragraph is subject to the following limitations:

- (i) Nothing contained in this paragraph shall limit any otherwise available authority of BHRA' or a Section 8 owner or manager to terminate tenancy, evict, or to terminate assistance, as the case may be, for any violation of a lease or program requirement not premised on the act or acts of domestic violence, sexual assault, dating violence, or stalking in question against the tenant or a member of the tenant's household. However, in taking any such action, neither BHRA nor a Section 8 manager or owner may apply a more demanding standard to the victim of domestic violence, sexual assault, dating violence or stalking than that applied to other tenants.
- (ii) Nothing contained in this paragraph shall be construed to limit the authority of BHRA or a Section 8 owner or manager to evict or terminate from assistance any tenant or lawful applicant if the owner, manager or BHRA, as the case may be, can demonstrate an actual and imminent threat to other tenants or to those employed at or providing service to the property, if the tenant is not evicted or terminated from assistance.

B. *Removal of Perpetrator.* Further, notwithstanding anything in paragraph VI.A.2. or Federal, State or local law to the contrary, BHRA or a Section 8 owner or manager, as the case may be, may bifurcate a lease, or remove a household member from a lease, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in acts of criminal activity directly related to domestic violence, dating violence, sexual assault, or stalking against an affiliated member or other individual. Such action against the perpetrator of such physical violence may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also the tenant or a lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by law applicable to terminations of tenancy and evictions by BHRA.

## **VII. Verification of Domestic Violence, Dating Violence or Stalking**

A. *Requirement for Verification.* The law allows, but does not require, BHRA or a section 8 owner or manager to verify that an incident or incidents of actual or threatened domestic violence, sexual assault, dating violence, or stalking claimed by a tenant or other lawful occupant is bona fide and meets the requirements of the applicable definitions set forth in this policy. Subject only to waiver as provided in paragraph VII. C., BHRA shall require verification in all cases where an individual claims protection against an action involving such individual proposed to be taken by BHRA. Section 8 owners or managers receiving rental assistance administered by BHRA may elect to require verification, or not to require it as permitted under applicable law.

Verification of a claimed incident or incidents of actual or threatened domestic violence, dating violence or stalking may be accomplished in one of the following three ways:

1. *HUD-approved form* - by providing to BHRA or to the requesting Section 8 owner or manager a written certification, on a form approved by the U.S. Department of Housing and Urban Development (HUD), that the individual is a victim of domestic violence, sexual assault, dating violence or stalking that the incident or incidents in question are bona fide incidents of actual or threatened abuse meeting the requirements of the applicable definition(s) set forth in this policy. The incident or incidents in question must be described in reasonable detail as required in the HUD-approved form. The name of the perpetrator must only be provided if known by the survivor of domestic or sexual violence protected by VAWA and if the survivor determines it is safe to provide the name.
2. *Other documentation* - by providing to BHRA or to the requesting Section 8 owner or manager documentation signed by an employee, agent, or volunteer of a victim service provider, an attorney, a medical professional, or a mental health professional from whom the victim has sought assistance in addressing the domestic violence, sexual assault, dating violence or stalking, or the effects of the abuse, described in such documentation. The professional providing the documentation must sign and attest under penalty of perjury (28 U.S.C. 1746) to the professional's belief that the incident or incidents in question are bona fide incidents of abuse meeting the requirements of the applicable definition(s) set forth in this policy. The victim of the incident or incidents of domestic violence, dating violence or stalking described in the documentation must also sign and attest to the documentation under penalty of perjury.
3. *Police or court record* – by providing to BHRA or to the requesting Section 8 owner or manager a Federal, State, tribal, territorial, records of an administrative agency, or local police or court record describing the incident or incidents in question.

B. *Time allowed to provide verification/ failure to provide.* An individual who claims protection against adverse action based on an incident or incidents of actual or threatened domestic violence, sexual assault, dating violence, sexual assault or stalking, and who is requested, in writing, by BHRA, or a Section 8 owner or manager to provide verification, must provide such verification within 14 business days (*i.e.*, 14 calendar days, excluding Saturdays, Sundays, and federally-recognized holidays). Failure to provide verification, in proper form within such time will result in loss of protection under VAWA and this policy against a proposed adverse action.

C. *Waiver of verification requirement.* The Administrator of BHRA, or a Section 8 owner or manager, may, with respect to any specific case, waive the above-stated requirements for verification and provide the benefits of this policy based on the victim's statement or other corroborating evidence. Such waiver may be granted in the sole discretion of the Administrator, owner or manager. Any such waiver must be in writing. Waiver in a

particular instance or instances shall not operate as precedent for, or create any right to, waiver in any other case or cases, regardless of similarity in circumstances.

## **VIII. Confidentiality**

A. *Right of confidentiality.* All information (including the fact that an individual is a victim of domestic violence, sexual assault, dating violence or stalking) provided to BHRA or to a Section 8 owner or manager in connection with a verification required under section VII of this policy or provided in lieu of such verification where a waiver of verification is granted, shall be retained by the receiving party and the BHRA in confidence and shall neither be entered in any shared database nor provided to any related entity or individual, except where disclosure is:

1. requested or consented to by the individual in writing, or
2. required for use in connection with termination of Section 8 assistance, as permitted in VAWA, or
3. otherwise required by applicable law.

B. *Notification of rights.* All tenants participating in the Section 8 rental assistance program administered by BHRA shall be notified in writing concerning their right to confidentiality and the limits on such rights to confidentiality.

C. *Right to withhold name.* The victim must only provide the name of the individual who committed the domestic violence, dating violence, sexual assault or stalking, if the name is known and safe to provide.

## **IX. Transfer to New Residence**

A. *Application for transfer.* In situations that involve significant risk of violent harm to an individual as a result of previous incidents or threats of domestic violence, sexual assault, dating violence, or stalking, BHRA will, if an approved unit size is available at a location that may reduce the risk of harm, approve a move to a different unit in order to reduce the level of risk to the individual. A tenant who requests such a move must attest in such application that the requested transfer is necessary to protect the health or safety of the tenant or another member of the household who is or was the victim of domestic assault, sexual assault, dating violence or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

B. *Action on applications.* BHRA will act upon such an application promptly.

C. *No right to transfer.* BHRA will make every effort to accommodate requests for transfer when suitable alternative vacant units are available and the circumstances warrant such action. However, except with respect to portability of Section 8 assistance as provided in paragraph IX. E. below the decision to grant or refuse to grant a transfer shall lie within the

sole discretion of BHRA, and this policy does not create any right on the part of any applicant to be granted a transfer.

D. *Portability*. Notwithstanding the foregoing, a Section 8-assisted tenant will not be denied portability to a unit located in another jurisdiction so long as the tenant has complied with all other requirements of the Section 8 program to facilitate a portability move (ex: attending a move appointment, completing forms) and has moved from the unit in order to protect a health or safety of an individual member of the household who is or has been the victim of domestic violence, sexual assault, dating violence or stalking and who reasonably believes that the tenant or other household member will be imminently threatened by harm from further violence if the individual remains in the present dwelling unit.

## **X. Court Orders/Family Break-up**

A. *Court orders*. It is BHRA's policy to honor orders entered by courts of competent jurisdiction affecting individuals assisted by BHRA and their property. This includes cooperating with law enforcement authorities to enforce civil protection orders issued for the protection of victims and addressing the distribution of personal property among household members in cases where a family breaks up.

B. *Family break-up*. Other BHRA policies regarding family break-up are contained in BHRA's Section 8 Administrative Plan in section V (F). If the family break-up results from an occurrence of domestic violence, sexual assault, dating violence, or stalking, the BHRA will ensure that the victim retains assistance.

## **XI. Relationships with Service Providers**

It is the policy of BHRA to cooperate with organizations and entities, both private and governmental, that provide shelter and/or services to victims of domestic violence. If BHRA staff become aware that an individual assisted by BHRA is a victim of domestic violence, sexual assault, dating violence or stalking, BHRA will refer the victim to such providers of shelter or services as appropriate. Notwithstanding the foregoing, this Policy does not create any legal obligation requiring BHRA either to maintain a relationship with any particular provider of shelter or services to victims or domestic violence or to make a referral in any particular case. BHRA's annual public housing agency plan shall describe providers of shelter or services to victims of domestic violence with which BHRA has referral or other cooperative relationships.

## **XII. Notification**

BHRA shall provide written notification to applicants (when admitted or denied admission to the BHRA's Section 8 program), tenants (with any notice of termination), and Section 8 owners and managers, concerning the rights and obligations created under VAWA relating to confidentiality, denial of assistance and, termination of tenancy or assistance. Such

notices will be provided according to the BHRA’s Limited English Proficiency (LEP) policy (see appendix H).

**XIII. Relationship with Other Applicable Laws**

Neither VAWA nor this Policy implementing it shall preempt or supersede any provision of Federal, State or local law that provides greater protection than that provided under VAWA for victims of domestic violence, sexual assault, dating violence or stalking.

**XIV. Amendment**

This policy may be amended from time to time by BHRA as approved by the BHRA Board of Commissioners.

**XV. Resources**

Victims of domestic violence or other concerned parties may seek assistance from a variety of resources, including the following organizations and hotlines:

Cornerstone	952-884-0330
Minnesota Day One Crisis Hotline	1-866-223-1111
Sexual Assault Hotline	1-800-646-4673

## **A P P E N D I X H**

### **HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington**

#### **LIMITED ENGLISH PROFICIENCY (LEP) PLAN**

##### **I. PLAN STATEMENT**

The Bloomington Housing and Redevelopment Authority (HRA) has adopted this plan to provide meaningful access to its programs and activities by persons with Limited English Proficiency (LEP). In accordance with the Department of Housing and Urban Development (HUD) the HRA will provide or arrange free language assistance for its LEP clients. This includes applicants, recipients and/or persons eligible for HRA programs.

##### **II. MEANINGFUL ACCESS; FOUR FACTOR ANALYSIS**

Meaningful access is free language assistance in accordance with federal guidelines. The HRA will periodically assess and update the following four-factor analysis, including but not limited to:

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by the HRA.
2. The frequency with which the LEP persons using a particular language come into contact with the HRA.
3. The nature and importance of the HRA program, activity or service to a person's life.
4. The HRA's resources and the cost of providing meaningful access. Reasonable steps may cease to be reasonable where the costs imposed substantially exceed the benefits.

##### **III. LANGUAGE ASSISTANCE**

1. A Limited English Proficient (LEP) person may be a person, but not limited to, someone who does not speak English as their primary language and who has a limited ability to read, write, speak or understand English. An LEP person may be entitled to language assistance with respect to HRA programs and activities.

2. Language assistance includes interpretation and/or translation. Interpretation refers to an oral or spoken transfer of message from one language into another language. Translation refers to the written transfer of a message from one language into another language.
3. HRA staff will take reasonable steps to provide the opportunity for meaningful access to LEP clients who have difficulty communicating in English. The HRA will utilize a “Request for Interpreter” form, and will include the form in voucher briefing packets and other correspondence, including, re-exam and termination letters. If a client asks for language assistance and the HRA determines that the client is an LEP person and that language assistance is necessary to provide meaningful access, the HRA will make reasonable efforts to provide free language assistance. If reasonably possible the HRA will provide the language assistance in the LEP client’s preferred language.

The HRA has the discretion to determine whether language assistance is needed, and if so, the type of language assistance necessary to provide meaningful access.

The HRA will periodically assess client needs for language assistance based on requests for interpreters and/or translation, as well as the literacy skills of clients.

#### 4. Translation of Documents

Taking into consideration the expense of translating documents, the barriers to meaningful translation or interpretation of technical housing information, the likelihood of frequent changes in documents, the existence of multiple dialects within a single language group, and the apparent literacy rate in an LEP group along with other relevant factors the HRA will weigh the costs and benefits of translating documents for potential LEP groups.

The HRA will monitor participant’s ability to complete all necessary forms without a substantial amount of difficulty. If there has been significant errors and/or blank responses the HRA may determine that translated documents are necessary.

If the HRA determines that translation is necessary and appropriate, the HRA will translate the public housing lease and selected mailings and documents of vital importance into that language.

As opportunities arise, the HRA may work with other housing authorities to share the costs of translating common documents, which may include language groups that do not (yet) reach the threshold level in the HRA’s client

population. The HRA will consider technological aids such as internet-based translation services that may provide helpful, although perhaps not authoritative, translations of written materials.

## 5. Qualified Interpreters

When necessary to provide meaningful access for LEP clients the HRA will provide qualified interpreters, at the HRA's expense. At important stages that require one-on-one contact, written translation and verbal phone interpretation services will be provided consistent with the four-factor analysis used earlier.

The HRA may require a qualified interpreter to certify the following:

- The interpreter understood the matter communicated and rendered a competent interpretation.
- The interpreter is covered by the Minnesota Government Data Practices Act and will not disclose non-public data without written authorization from the client.

Qualified interpreters shall be used at the following:

- Hearings or conferences concerning denial or termination of Housing Choice Voucher (Section 8) participation.

An HRA staff interpreter may not be subordinate to the person making the decision.

## 6. Informal Interpreters

Informal interpreters may include the family members, friends, legal guardians, service representatives or advocates of the LEP client. HRA staff will determine whether it is appropriate to rely on informal interpreters, depending upon the circumstances and subject matter of the communication. However, in many circumstances informal interpreters, especially children, are not competent to provide quality and accurate interpretations. There may be issues of confidentiality, competency or conflict of interest.

An LEP person may use informal interpreters of their own choosing and at their expense, either in place of or as a supplement to the free language assistance offered by the HRA. If possible, the HRA will accommodate an LEP client's request to use an informal interpreter in place of a formal interpreter.

If an LEP client prefers an informal interpreter after the HRA has offered free interpreter services, the informal interpreter may interpret. In these cases the client and interpreter should sign a waiver of free interpreter services.

If an LEP client wants to use their own informal interpreter the HRA reserves the right to also have formal interpreters present.

#### 7. Outside Resources

Outside resources may include community volunteers, HRA residents or Housing Choice Voucher / Section 8 participants.

Outside resources may be used for interpreting services at public or informal meetings or events if a timely request has been made.

The HRA may establish relationships with mutual assistance associations (MAA's) and other organizations that assist specific cultural and ethnic groups living in Bloomington. To help their clients obtain or keep housing assistance through the HRA these organizations may be able to provide qualified interpreters for LEP persons.

### **IV. MONITORING**

The HRA will review and revise this LEP plan annually. The review will include:

- The number of HRA clients who are LEP according to the extent of the HRA's computer business systems and data entry by staff. Such reports may be supplemented by staff observations.
- Reports from the computer business systems and other sources listing the languages used by LEP clients.
- Analysis of staff requests for contract interpreters:
  - Number of requests
  - Languages requested
  - Costs
- The Resident Advisory Board (RAB) will be asked to review the LEP plan annually as part of updating the Agency Plan.

### **V. LEP PLAN DISTRIBUTION AND TRAINING**

The LEP plan will be:

- Distributed to all HRA staff.
- Available in the HRA office located in the Bloomington Civic Plaza at 1800 West Old Shakopee Road.
- Posted on the HRA's website:  
[www.ci.bloomington.mn.us/cityhall/commiss/hra/hra.htm](http://www.ci.bloomington.mn.us/cityhall/commiss/hra/hra.htm)  
<https://www.bloomingtonmn.gov/hra-agency-plan-and-policies>
- Explained in orientation and training sessions for supervisors and other staff who need to communicate with LEP clients.

## APPENDIX I

### HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington

#### PROJECT-BASED VOUCHER ASSISTANCE GUIDELINES [24 CFR PART 983]

##### INTRODUCTION

The Bloomington Housing and Redevelopment Authority (HRA) Project Based Voucher (PBV) program is a HUD Section 8 housing subsidy program that ties rental assistance directly to a specific unit or project. Eligible families receive rental assistance by agreeing to live in existing, newly constructed or rehabilitated units, and continue to receive assistance as long as they reside in the specific project-based dwelling unit.

Funding for PBV comes from a housing agency's existing Section 8 funding allocation. Program regulations permit a housing agency to project base up to twenty (20) percent of their current Section 8 tenant-based assistance programs. The HRA may reduce the number of PBA units on their sole discretion. Except as otherwise expressly modified or excluded by 24 CFR part 983, provisions of 24 CFR part 982 apply to the PBA program.

Note that the operation of the PBV program is subject to the Violence Against Women Act (VAWA). See Appendix G for more information. In addition, both the HRA and the project-owner/agent must reasonably accommodate people with disabilities in the operation of the PBV program. See Appendix K for additional reasonable accommodation information.

##### **A. PROGRAM GOALS**

- Contribute to the expansion and long-term viability of the area's affordable housing stock.
- Increase the supply of existing affordable housing for households with incomes less than 50% of the area median income (or 80% of area median income if a continuously assisted family).
- Increase the supply of affordable three (or more) bedroom units that are available to serve larger low-income families in low poverty areas.
- Expand economic opportunities to low income families.
- Encourage economic integration in housing development.

- Promote partnerships between public or non-profit agencies and organizations to provide affordable housing in proximity to community amenities and services.

## **B. GENERAL CRITERIA FOR PARTICIPATION**

- Qualifying developments must be existing units that require a maximum expenditure of less than \$1,000 per assisted unit to comply with HUD Housing Quality Standards (HQS).
- Qualifying developments must be located in the City of Bloomington and may be privately or publicly owned. The Bloomington HRA is an eligible owner/participant in the PBV program.
- Current residents of proposed PBV units must have incomes of less than 50% of the area median income to remain in a PBV assisted unit, unless they are continuously assisted families, who then must have income of less than 80% of the area median.
- New residents or vacancies in PBV assisted units must be filled by eligible families currently on the Bloomington HRA's Section 8 Waiting List. For HRA-owned PBV units, eligible families will be selected from a separate waiting list established for those units. The Bloomington HRA will make available units to its waiting list applicants within thirty (30) days of receiving the owner's notification of vacancy. Owners may establish tenant screening and selection procedures provided they are consistent with the PBV program criteria and are enforced uniformly.
- Owners of qualifying developments will be required to enter into a *Housing Assistance Payments Contract* with the Bloomington HRA for a period of not less than one year and not more than fifteen years. The term of contract offered for new PBV units will be announced in the request for proposals. The HRA retains authority to determine if a PBV contract shall be renewed and/or for what term.
- Qualifying developments must not have initiated construction or rehabilitation activities before executing an *Agreement to Enter into a Housing Assistance Contract*.
- The HRA shall determine the rent to owner in accordance with federal regulations for PBV. In brief, qualifying developments will have rents that do not exceed 110 % of the Fair Market Rents established by the Department of HUD for the City of Bloomington, less any applicable utility allowance. Rent amounts for tax credit properties will be the tax credit rent minus the utility allowance. The rent to owner must also be rent reasonable and not in excess of the amount requested by the owner.

## **C. APPLICATION PROCEDURES**

Bloomington HRA will advertise the availability of the PBV program, inviting interested parties to make application. Applications will only be selected from respondents to the published advertisements.

The HRA will provide an application form and instructions to be provided to applicants. The scoring criteria/method will also be provided to applicants.

After receipt of the completed PBV applications, Bloomington HRA will establish a PBV Review Panel to conduct a review of the proposals and rank them in accordance with the established Bloomington HRA Selection Policies and their apparent adherence to applicable HUD regulations. Bloomington HRA may forward applications to HUD for review and approval of certain compliance issues. The panel will include at least one member who is not a HRA staff member.

Upon final ranking of the applications, the panel will, within forty-five (45) days, make a recommendation to the HRA Board of Commissioners for formal approval to provide Project Based Assistance to the selected developments. The HRA will conduct a public hearing to consider all comments prior to awarding approval to any PBV project.

#### **D. PROGRAM OPERATION**

##### Housing Assistance Payments Contract

The HRA must enter into a HAP contract with the owner before PBV assistance is provided. The initial HAP contract term may not be less than one year or more than fifteen years and will be in the form required by HUD. The HRA has the sole discretion to determine the HAP contract term.

At any time before the HAP contract expires, the HRA may agree to extend a HAP contract for an additional term of up to 15 years. The effective date of the HAP contract may not be earlier than the date of the HRA inspection and acceptance of the unit. After commencement of the HAP contract term, the HRA must make monthly housing assistance payments for each unit occupied under lease by a family.

#### **Responsibilities of the HRA**

The HRA must:

- Brief family in accordance with HUD regulations);
- Ensure that the amount of assistance attached to units is within the amounts available under the ACC; and
- Approve contract rent adjustments, perform HQS inspections, and make rent reasonableness determinations.
- The HRA must provide to the owner the family's current and prior addresses as shown in HRA records. This will include the name and address of the landlord at

those addresses. This information will not be provided if restricted by the VAWA. (See Appendix G).

- Provide the owner other family information in their HRA file, upon authorization of the family.

### **Responsibilities of the Owner**

The owner is responsible for:

- Performing all of the owner responsibilities under the Agreement and the HAP contract.
- Providing the HRA with a copy of any termination of tenancy notification.
- Offering vacant, accessible units to a family with one or more members with a disability requiring accessibility features of the vacant unit an already occupying an assisted unit not having such features.
- To provide not less than one-year written notice to tenants and HUD of expiration or termination of the contract.
- Use a lease that is in compliance with state and local laws.
- Screening of families on the basis of their tenancy histories. An owner may consider a family's background with respect to such factors as:
  - Payment of rent and utility bills;
  - Caring for a unit and premises;
  - Respecting the rights of other residents to the peaceful enjoyment of the their housing;
  - Drug-related criminal activity or other criminal activity that is a threat to the health, safety, or property of others;
  - Compliance with other essential conditions of tenancy.

### **Family Participation**

A family becomes a participant when the family and owner execute a lease for a unit with project-based assistance.

The HRA will use the tenant-based waiting list for admission to the PBV program, unless the units are converted from the HRA's Public Housing Program. For converted units, the HRA will select PBV from the Public Housing waiting lists that existed at the time of the conversion. When the Public Housing lists are exhausted, the HRA will establish a separate waiting list for the HRA-owned PBV units.

Participants must be selected from the HRA waiting list in accordance with the admission policies section of HRA Administrative Plan.

Before an HRA elects to assign assistance to a specific unit, the HRA must determine whether the unit is occupied by an eligible family.

### **Income Limits for Admission**

An eligible applicant must be a “family” whose annual income does not exceed that applicable income limit as set by HUD. Current residents of proposed PBV units must have incomes of less than 50% of the area median income to remain in a PBV assisted unit, unless they are continuously assisted families, who then must have income of less than 80% of the area median.

### **Income Targeting**

The HRA will admit to the project-based voucher program subject to the statutory income targeting requirements as the tenant-based program. In any fiscal year, at least 75% of the families admitted to a HRA’s voucher program must be families whose annual income does not exceed 30% of the median income for the area as determined by HUD.

The HRA or owner may not select a family for admission out of order on the waiting list for purposes of selecting a relatively higher income family for admission.

See Section II of the Section 8 Administrative Plan for more detailed information on preferences and eligibility.

### **Filling Vacant Units**

When the owner notifies the HRA of vacancies in the units to which assistance is attached, the HRA will refer to the owner one or more families of the appropriate size on its waiting list.

A family that refuses the offer of a unit assisted under CFR 24 part 983 keeps its place on the waiting list.

The owner may only rent vacant units to eligible families referred by the HRA from its waiting list. The HRA must determine eligibility for participation in accordance with HUD requirements. If the HRA does not refer a sufficient number of interested applicants on the HRA waiting list to the owner within 30 days of the owner’s notification to the HA of a vacancy, the owner may advertise for or solicit applications from eligible very-low income families. The owner must refer these families to the HRA to determine eligibility.

The owner is responsible for screening and selection of tenants. The owner must adopt written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families. An owner must promptly notify in writing any rejected applicant of the grounds for any rejection and their right to request an informal review of their application.

### **Briefing of Families**

When the family is selected to occupy a project-based unit, the HRA must provide the family with information concerning the tenant rent, any applicable utility allowance and a copy of the HUD-prescribed lead-based paint brochure.

The family must also attend a briefing session and be provided with a full explanation of the following:

- Family and owner responsibilities under the lease and HAP contract.
- Information on Federal, State and Local equal opportunity laws.
- The fact that the subsidy is tied to the unit and that if the family moves from the unit after 12 months, they will be offered tenant based rent assistance, if the HRA has a Voucher available at the time of the move.
- The family's options under the program, if the family is required to move because of a change in family size or composition.
- Information on the HRA's procedures for conducting informal hearings for participants, including a description of the circumstances in which the HRA is required to provide the opportunity for an informal hearing in Appendix E.

### **Continued Assistance for a Family when the HAP Contract is Terminated**

If the HAP contract for the unit expires or if the HRA terminates the HAP contract for the unit, the HRA must issue the assisted family, in occupancy of a unit, tenant-based assistance, unless the HA does not have sufficient funding for continued assistance for the family.

The HRA does not have to issue the family tenant-based assistance if the family is being denied or terminated because of the family's violation of family obligations.

If the unit is not occupied by an assisted family, then the available funds under the ACC that were previously committed for support of the project-based assistance for the unit must be used for the HRA's tenant-based assistance program.

### **Amount of Rent Payable by Family to Owner**

The amount of rent payable by the family to the owner must be the Tenant Rent.

## **Lease Requirements**

The lease between the family and the owner must be in accordance with HUD regulations and requirements and include all provisions required by HUD and not include any provisions prohibited by HUD.

The owner may not require security deposits for PBV units that are in excess of private market practice or amounts charged to unassisted tenants.

When offering an accessible unit to an applicant not having disabilities, the owner may:

- Require the applicant to agree to move to a non-accessible unit when one becomes available; and
- Incorporate the agreement into the lease.

## **Maintenance, Operation and Inspections**

The owner must provide all the services, maintenance and utilities as agreed under the HAP contract.

- Housing assistance payments are subject to abatement or other applicable remedies if the owner fails to meet these obligations.

The HRA must inspect each dwelling unit under HAP contract at least annually and as necessary to assure that the owner is meeting obligations to maintain the unit in decent, safe and sanitary condition and to provide the agreed upon utilities and other services.

If the PBV unit is owned by the HRA, an outside entity approved by HUD will perform the initial and annual HQS inspections.

Refer to Section IV, C. of the Section 8 Administrative Plan for details of the Housing Quality Standards and Inspections.

## **Overcrowded and Under-occupied Units**

If the HA determines that a contract unit is not decent, safe and sanitary because of an increase in family size that causes the unit to be overcrowded based on the HRA's subsidy standards; or if a family's household size decreased so it no longer qualifies for the size unit it occupies per the HRA's occupancy standards:

- The HRA must offer the family a suitable alternative unit if one is available, and
- The family shall be required to move.

If the HRA does not have a suitable unit available within the family's ability to pay, the HRA must offer Section 8 assistance to the family, if it has sufficient funding.

The HRA must otherwise assist the family in locating other standard housing in the HRA's jurisdiction and within the family's ability to pay. The HRA must require the family to move to such a unit as soon as possible.

The family must not be forced to move and the HRA may not terminate the HAP contract for reasons stated above, unless the family rejects, without good reason, the offer of a unit that the HRA judges to be acceptable

### **Term of a Lease**

The term of a lease, including a new lease or a lease amendment, executed by the owner and the family must be for at least one year. The term may be less than one year if the remaining term of the HAP contract is less than one year.

The family must notify the HRA and the owner in accordance with the lease before the family moves out of the unit. The lease may contain a provision permitting the family to terminate the lease on not more than 60 days advance written notice to the owner.

- In the case of a lease term being more than one year, the lease must contain a provision permitting the family to terminate the lease on such notice after the first year of term.

The owner may offer the family a new lease for a term beginning at any time after the first year of the term of the lease.

The owner must give the family a written notice of the offer at least sixty (60) days before the proposed commencement date of the new lease term. The offer may specify a reasonable time for acceptance by the family. Failure by the family to accept the offer of a new lease in accordance with this paragraph shall be "other good cause" for termination of tenancy.

### **Informal Review or Hearing**

For the PBV program the applicable sections of informal reviews for applicants and informal hearings for participants are the same as for the Section 8 tenant-based programs. Refer to Appendix E of the Section 8 Administrative Plan.

### **Rent and Housing Assistance Payments**

For the following components of the PBV program, the same rules of the Section 8 tenant-based program apply:

- Determination of the FMR/exception rent limit
- Determination of family income and composition
- Regular and interim examinations
- Utility allowance schedule

Refer to the appropriate section of the Section 8 Administrative Plan for detail.

### **Limits on Initial Rent to Owner**

The initial rent to owner for a unit may not exceed the reasonable rent as determined by the HRA. The initial must be in compliance with additional HUD regulations, including not exceeding the lowest of 110% of the published FMR, the reasonable rent or the rent amount requested by the owner.

### **Approval of Initial Rent**

The HRA approves the initial rent to owners for PBV units that are not HUD-insured or HA-owned.

For HRA-owned PBV units or financed with a HUD insured multifamily mortgage, the initial rents must be approved by HUD.

### **Amount of Annual Adjustment**

The adjusted rent must not exceed the lowest of:

- An amount not to exceed the 110% of the FMR;
- The reasonable rent; or.
- The rent requested by the owner.

### **Reasonable Rent**

The HRA may not enter an agreement to enter into housing assistance payments contract until the HRA determines that the initial rent to owner under the HAP contract is a reasonable rent. During the term of a HAP contract, the rent to owner may not exceed the reasonable rent as determined by the HRA. The HRA must determine whether the rent to owner is a reasonable rent in comparison to rent for other comparable unassisted units.

To make this determination, the HRA must consider:

- The location, quality, size, unit type and age of the contract unit.
- Any amenities, housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

By accepting each monthly housing assistance payment from the HA, the owner certifies that the rent to owner is not more than rent charged by the owner for comparable unassisted units in the premises.

For HRA-owned units, an outside entity approved by HUD will make all initial and annual rent adjustment rent reasonableness determinations.

### **Other Subsidies**

The HA may reduce the initial rent to owner because of other governmental subsidies, including tax credit or tax exemption, grants to other subsidized financing.

For provisions prohibiting PBA to units in certain types of subsidized housing, see CFR 983.7(c).

### **Housing Assistance Payment**

The monthly housing assistance payment equals the gross rent minus the higher of:

- The total tenant payment
- The minimum rent as required by law

### **Family Share**

The family share is calculated by subtracting the amount of the housing assistance payment from the gross rent.

## APPENDIX J

### HOUSING AND REDEVELOPMENT AUTHORITY in and for the City of Bloomington

#### FAIR HOUSING POLICY

It is the policy of the Bloomington Housing and Redevelopment Authority (BHRA) to comply fully with all Federal and State nondiscrimination laws; the Americans with Disabilities Act; and the US Department of Housing and Urban Development regulations governing Fair Housing and Equal Opportunity.

No person shall, on the grounds of race, color, sex, religion, national origin, familial status, disability, creed, real or perceived sexual or affectional orientation, gender identity, marital status, or receipt of public assistance, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under BHRA housing programs.

To further its commitment to full compliance with applicable Fair Housing laws, the BHRA will provide Federal/State/local information to applicants for and participants in the Housing Choice Voucher (HCV) Program regarding discrimination and any recourse available to them if they believe they may be victims of discrimination. Such information will be made available with their initial and annual recertification applications. The information and resources on how to file a fair housing complaint include:

- HUD's National Fair Housing Complaint Hotline: 1-800-669-9777. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at 1-800-887-8339. Website: [www.hud.gov/complaints](http://www.hud.gov/complaints)
- HUD's Chicago Regional Fair Housing Office: 1-800-765-9372. Persons with hearing or speech impairments may access this number via TTY by calling 1-312-353-7143. Website: [www.hud.gov/complaints](http://www.hud.gov/complaints)
- The Minnesota Department of Human Rights: 1-800-657-3704. Persons with hearing or speech impairments may access this number via TTY by calling 1-296-1283. Website: [www.humanrights.state.mn.us](http://www.humanrights.state.mn.us)
- ~~Mid-Minnesota Legal Aid Society of -~~ Minneapolis: 1-612-334-5970. TTD: 612-332-4668.
- HomeLine: 612-728-5767. Website: [www.homelinemn.org](http://www.homelinemn.org)

The BHRA will assist any family that believes they have suffered illegal discrimination by providing them copies of the HUD housing discrimination form and the resource information as noted above. The BHRA will also assist them in completing the form, if

requested, and will provide them with the address and contact information of the nearest HUD Office of Fair Housing and Equal Opportunity.

The BHRA is a stakeholder member of the Fair Housing Implementation Council (FHIC) established in July 2002 to affirmatively further fair housing through efforts to promote fair housing rights and fair housing choice. The FHIC has three sub-committees that focus on Fair Housing issues and how to improve shortcomings:

- Public Sector
- Homeownership
- Private Rental Housing

The FHIC members include the CDBG entitlement jurisdictions in the surrounding seven county metropolitan area which are required to complete an Analysis of Impediments to Fair Housing Choice. The City of Bloomington is an entitlement jurisdiction.

To date the FHIC has worked on issues related to tenant screening, accessible housing, limited English proficiency, fair housing testing, fair housing enforcement, rental application fees, predatory lending, information and outreach. The FHIC will continue to pursue goals created as a result of the impediments identified in the jurisdiction's most recent Analysis of Impediments (AI).

To work toward addressing the identified impediments the BHRA has responded by:

- 1) Adopting a Limited English Proficiency (LEP) plan.
- 2) Providing interpretation services to non-English speaking applicants and participants. Interpretation services are provided free of charge to all program participants.
- 3) The BHRA supports financially the work of the HousingLink, a private nonprofit organization offering a metro-wide clearinghouse which includes a listing of private market affordable vacancies updated weekly, an online housing directory and search tool to assist in identifying vacancies, an online inventory of all assisted housing including all units with handicap accessibility features.
- 4) The BHRA has developed policies, procedures and forms to assist applicants and participants of the Section 8 program of their rights to request reasonable accommodations.
- 5) BHRA staff is trained to provide referrals to resources within the BHRA or in the city and community, to assist persons with disabilities with accessibility problems or other issues related to their disability or to gain access to supportive services.
- 6) The BHRA sponsors Fair Housing trainings to owners of rental properties within the City. Typically offered on an annual basis, these trainings are presented through the HRA's landlord collaborative, which meets multiple times per year.

The BHRA's employment and business practices provide equal opportunity in all areas of employment and programs. The BHRA will monitor activity to promote its efforts to provide fair housing for all programs by reviewing/revising policy and procedure annually and reviewing any identified impediments. This analysis includes reports and data available to the BHRA from its computer data base, staff analysis and other available means.

## **APPENDIX K**

### **REASONABLE ACCOMMODATION POLICY**

#### **I. OVERVIEW**

This policy is intended to expand on the BHRA's Equal Opportunity Housing Plan. It is not intended to and does not change or enlarge the BHRA's duty under any law, regulation or ordinance. Where in conflict, the applicable law, regulation or ordinance shall prevail.

This policy is incorporated into and made a part of the BHRA's Housing Choice Voucher (Section 8) program's Administrative Plan.

#### **II. NON-DISCRIMINATION**

The BHRA shall not discriminate against an applicant, Section 8 participant or other program recipient because of disability, race, color, creed, religion, national origin, familial status, sex, real or perceived sexual or affectional orientation, gender identity, public assistance status, marital status, or age. The BHRA shall not solely, on the basis of a disability, deny benefits to an otherwise qualified person. The BHRA shall give a qualified person with a disability, through a reasonable accommodation, an equal opportunity to participate in and benefit from its housing, aid, benefit or service.

The BHRA shall give a qualified person with a disability, through a reasonable accommodation, housing, aid, a benefit or a service that is equally effective as that provided to others. The term "equally effective" is not intended to produce an identical result or level of achievement as a person without a disability but is intended to give a person with a disability an equal opportunity to obtain the same result or level of achievement.

It is the BHRA's policy to fully comply with all applicable federal, state and local laws and ordinances, including the United States Housing Act of 1937, as amended, Rehabilitation Act of 1973, § 504 (29 U.S.C. § 794), Americans with Disabilities Act, 42 U.S.C. § 2101, [ADA Amendments Act \(ADAAA\) Pub. L. No. 110-325, section 2\(b\)\(1\), 122 Stat. 3553 \(2008\) \(codified at 42 U.S.C. section 12101 et seq.\)](#), Fair Housing Act, 42 U.S.C. § 3601, and the Minnesota Human Rights Act, Minn. Stat. § 363.

#### **III. DEFINITIONS**

##### **A. A Person With A Disability Is One Who:**

1. Has a physical or mental impairment that substantially limits one or more major life activities;
2. Has a record of such an impairment; or
3. Is regarded as having such an impairment.  
Specifically excluded from the definition of a disability are any exclusions enumerated in any applicable federal, state or local laws or ordinance, including the laws cited in Section II.

**B. Major Life Activity:**

Includes but is not limited to caring for one's self, doing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working.

**C. Mental Impairment:**

Includes mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

**D. Physical Impairment:**

Includes cosmetic disfigurement, neurological, musculoskeletal, senses, respiratory, cardiovascular, reproductive, AIDS, HIV-positive, digestive, genito-urinary, hernic, lymphatic and skin.

**E. A Qualified Person With A Disability:**

Is one who meets the essential eligibility requirements and who can achieve the purpose of the program or activity with or without modifications.

**F. Essential Eligibility Requirements:**

Include: stated eligibility requirements like income; compliance with selection criteria; timely payment of financial obligations; care of premises; no disqualifying criminal or drug activities; respect for the rights of others; explicit or implicit requirements inherent to the program or activity; and compliance with all obligations of occupancy with or without supportive services provided by persons other than the BHRA.

**G. Reasonable Accommodation:**

Reasonable accommodation includes an exception to the BHRA's rules, policies or procedures and physical modifications to units owned by the

**BHRA.** In general, the BHRA will accept the judgment of the person with the disability that an accommodation is needed. However, the BHRA has the option to require the person with a disability to show the need for an accommodation.

The BHRA may accept the judgment of the person with the disability that the specifically requested accommodation is the most appropriate. However, the BHRA may investigate alternatives to the requested accommodation and/or alternative methods of providing the requested accommodation.

If more than one reasonable accommodation will satisfy the needs of the person with the disability, the BHRA has the option to select the accommodation which is most convenient and cost effective for it. This includes the option to make an exception in procedure or policy.

The BHRA shall make a reasonable accommodation for a physical or mental impairment of a qualified applicant or recipient unless it can show that the accommodation would impose an undue financial ~~and~~ administrative hardship or a fundamental change in the nature of the BHRA's programs.

H. **Exclusions:**

A person with a disability may be excluded when a person's tenancy would pose a direct threat to others, ~~the person's own health or safety,~~ or would result in substantial physical damage to the property of others or if the person is not "otherwise qualified" for housing.

~~I. **Undue Hardship:**~~

~~Means significant difficulty or expense.~~

IV. **COMMUNICATION**

The BHRA shall make reasonable accommodations to communicate with applicants, Section 8 participants, other program recipients and members of the public. Reasonable accommodations may include using auxiliary aids such as interpreters for applicants, Braille materials, note takers or telecommunication devices for deaf persons. The BHRA is not required to provide devices that are of a personal nature or that are prescribed or for personal use or study.

The BHRA shall give consideration to the accommodation requested by the individual with the disability.

The BHRA is not required to provide an accommodation that would fundamentally change the nature of the program or activity or result in an undue financial ~~and/or~~ administrative burden.

**V. REASONABLE ACCOMODATION REQUEST PROCESS**

An applicant or participant is not required to talk about a disability but may be asked to verify a disability if the applicant or participant asks for a reasonable accommodation. The BHRA shall not assume that a person has a disability. The applicant may make a request for a reasonable accommodation at any time to BHRA staff. The BHRA may require that the request for an accommodation be made on its form created for such a request. The BHRA will review the request and may require additional information to make a decision to approve or deny the request. The BHRA will inform the applicant or participant if the request was approved or the reason(s) that the request was denied.

**XII. PROGRAM ACCESSIBILITY**

The BHRA will make reasonable accommodations for qualified persons with disabilities to have access and use its programs provided that the accommodation does not create an undue financial ~~and/or~~ administrative burden or fundamentally alter the nature of the program.

**XIII. HOUSING CHOICE VOUCHERS**

When issuing a housing voucher to a family, the BHRA shall include an informational sheet on how a reasonable accommodation may be requested by families that include a member who is disabled.

For participants, the BHRA will include an informational sheet on how to request a reasonable accommodation with annual the re-certification application sent to every participant each year.

The BHRA will also include the informational sheet on how to request a reasonable accommodation at these events:

- With the appointment letter when coming off the waiting list
- With any denial letters sent to applicants
- With the briefing packet when issued a voucher
- With any Voucher expiration letter
- With annual re-certification appointment letters
- With any termination warning letter
- With any termination letter that includes a right to a hearing

~~If necessary, the BHRA may approve~~ ~~shall request~~ an exception Payment Standard to fair market rents (up to 120% of the fair market rent) ~~to allow for~~ a Housing Choice Voucher holder as a reasonable accommodation to rent an accessible unit.

**XIV. A DISABLED PERSON'S COMPLIANCE WITH THE BHRA'S RULES, POLICIES OR PROCEDURES**

A reasonable accommodation may include an exception to the BHRA's rules, policies and procedures, or physical modification of BHRA-owned units. If an applicant or participant can show that the failure to comply with a rule, policy or procedure was due to a disability, the BHRA may have to reinstate the person's status. This may include reinstating the person to a waiting list at an original spot or abandoning termination. However, the accommodation is unreasonable if it imposes an undue financial ~~and/or~~ administrative hardship or fundamentally changes the nature of the program.

If an accommodation provided in the past has failed, the BHRA is not required to offer the same accommodation unless the person can show new circumstances as to why the accommodation will likely work in the future.

An exception to the BHRA's rules, procedures and policies does not require a lowering or a waiver of the essential requirements of the program. If a participant refuses services or another reasonable accommodation and conduct or behavior that violates the program rules continues, the BHRA may take the same action as it would with a person without a disability.

A disabled person is required to provide verification or documentation of the disability and the need for the accommodation. Without such documentation, the BHRA need not offer an accommodation.



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September 13, 2016

**BY U.S. MAIL and EMAIL [hra@BloomingtonMN.gov](mailto:hra@BloomingtonMN.gov)**

Mr. Mark Thorson, Chair  
Bloomington HRA Board of Commissioners  
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**BY U.S. MAIL and EMAIL [dgrout@BloomingtonMN.gov](mailto:dgrout@BloomingtonMN.gov)**

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**BY U.S. MAIL and EMAIL [bhartman@BloomingtonMN.gov](mailto:bhartman@BloomingtonMN.gov)**

Mr. Bryan Hartman, HRA Program Manager  
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**RE: Draft Bloomington HRA FY2017 Annual Plan and  
Draft FY2016-2017 Bloomington HRA Administrative Plan Section 8 Rent  
Assistance Housing Choice Voucher Program**

Dear Chairman Thorson, Mr. Grout and Mr. Hartman:

Mid-Minnesota Legal Aid of Minneapolis assists over 5,000 low-income residents of Hennepin County annually. Many of our clients apply to and participate in Bloomington HRA (BHRA) housing programs. The BHRA's housing programs are valuable resources in our community. We are writing to you on behalf of our clients about the BHRA's FY2017 Annual Plan (Annual Plan) and FY2016-2017 Administrative Plan for the Section 8 Housing Choice Voucher Program (Admin Plan).

We encourage the BHRA to make the following changes to its Plans and related policies and documents to enhance its current policies to better serve applicants, participants and owners; as well as to comply with applicable laws.

In some instances, we have noted policies that do not comply with applicable law. This letter provides notice to BHRA should the particular policy, practice or procedure remain uncorrected and an applicant or participant seeks our assistance with the resulting harm, we will not provide further notice to BHRA of the offending policy, practice or procedure. We will advise our client of her administrative or judicial remedies and assist her as appropriate since BHRA has had prior notice of the issue and opportunity to change course.

## **DRAFT FY2017 ANNUAL PLAN**

### **P.1**

In section A-1 the comment period contains a typo. It should read September 13, 2016.

BHRA Response: Date changed as noted.

### **P.3**

In section B.3 the BHRA refers to its use of a language translation button on its website pages as a way to advance fair housing. This is an excellent tool. We hope that the BHRA shares its innovative use of this tool with other housing agencies so they are able to use this idea to increase access to their LEP community members.

Staff of the BHRA have shared this idea at meetings with other local and out-state housing authorities.

## **DRAFT FY2016-2017 ADMINISTRATIVE PLAN FOR THE SECTION 8 HOUSING CHOICE VOUCHER PROGRAM**

### **P.1**

This page is mistakenly labeled as Appendix C.

“Part II. Applications/Waiting Lists” includes points at which the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

### **P.5**

In Section C., the data on the chart of Section 8 Income Limits must be updated to the limits effective March 28, 2016. See <https://www.huduser.gov/portal/datasets/il/il16/Section8-IncomeLimits-FY16.pdf>.

The income limits table has been updated.

Revise section D., Bullet 2, to ensure that the alleged debt that is the subject of the repayment agreement with the BHRA or any PHA that has been allegedly breached is based on objective evidence before the repayment agreement is executed. The family must receive due process to dispute the amount allegedly owed and those procedures must be in the Admin Plan. The debt cannot be barred from collection by the applicable statute of limitations nor be a debt that cannot be collected because it was previously discharged in bankruptcy. *See* HUD-52675 regarding the alleged debtor's rights to challenge any alleged debt. These limitations and protections concerning an alleged debt to the BHRA or other housing program must be included in the Admin Plan and the BHRA's policies, practice and procedures. Failure to make these revisions to the Admin Plan will risk use of limited BHRA resources to defend legal challenges to those policy choices.

Revise section D., Bullet 3, to clarify that any debt to the BHRA or to another PHA upon which the BHRA will base the adverse action of denial of assistance is more than an alleged debt. The debt must be based on objective evidence. The debt must be the subject of a repayment agreement in which the family did not dispute the amount allegedly owed before the agreement was executed, or, be based on an enforceable court ordered judgment entered against the family. BHRA must not base its adverse action on any debt barred by the applicable statute of limitations. BHRA also must not base its adverse action on any debt discharged in bankruptcy. Denial of assistance without due process is a violation of statute and regulation. Failure to make these revisions will risk use of limited BHRA resources to defend legal challenges to those policy choices.

In the rare instances this occurs, the family is provided an opportunity dispute any proposed or breached repayment agreement. The BHRA provides families with a copy of HUD form 52675.

#### **P.6**

Revise section D., Bullet 4 regarding providing a Social Security Number (SSN) for a child under 6 years of age to include both the initial 90-day period and the second 90 days the BHRA is obligated to allow a person who has to produce a SSN for a child under 6 years of age. *See* "Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs", 81 F.R. 12354 (March 8, 2016) and HUD Notice PIH 2016-05 "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies", (April 7, 2016), p. 4. The BHRA's choice to adopt this policy without necessary revisions risks use of BHRA's resources to defend legal challenges to it.

Revised as suggested.

Revise section D., Bullet 5 to accurately reflect the "past 36 months" exclusion from admission is limited to terminations for drug-related criminal activity. *See* 24 C.F.R. § 982.553 (a) (2015). The correct definition of drug-related criminal activity is at 24 C.F.R. § 5.100 (2015). The BHRA's choice to adopt this policy without necessary revisions risks use of BHRA's resources to defend legal challenges to it.

Thank you for your comments.

Mr. Thorson, Mr. Grout and Mr. Hartman

September 13, 2016

Page 4

Section D. does not appear to base denial of admission on arrests but it is unclear as drafted. Arrests are excluded pursuant to HUD PIH 2015-19 “Guidance for Public Housing Agencies (PHAs) and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions”, (November 2, 2015), and HUD Office of General Counsel Guidance on “Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing and Real Estate-Related Transaction”, April 4, 2016. This exclusion of arrest records should be stated more clearly. The BHRA’s choice to adopt this policy without necessary revisions risks use of BHRA’s resources to defend legal challenges to it.

Thank you for your comments.

Section D should contain a referral to Appendix K, the BHRA’s Reasonable Accommodation Policy, similar to the referral to Appendix G, the VAWA Policy, already included on P.6.

Updated as suggested.

**P.8**

In the first paragraph of section F. it sounds as though the only time an applicant can update their preference status while on the waiting list is at the time of the annual mailing to identify applicants to be dropped from the list when they fail to reply to the BHRA contact. However, the second sentence seems to indicate that an applicant can give notification of preference status at other times. Revise this paragraph for clarity so applicants do not forego providing an update of preference status when their situations change thinking they must wait for some annual update contact from the BHRA.

The paragraph is clear as written.

**P.9**

Paragraph 2 of section III.A. describes an applicant unable to receive assistance as one who is party to a binding lease agreement. The choice is the applicant's whether to attempt to execute a mutual lease rescission or to give notice ending the lease and suffering the financial consequences if the former landlord penalizes the applicant through retention of the security deposit or some other remedy chooses. The fact that an applicant is in a lease at the time that she comes to the top of the waiting list cannot be a reason to deny eligibility or keep her on the list until the end of her lease. A cost-benefit analysis might lead the applicant to either of the choices described *supra* because the benefits of a Section 8 Voucher are so significant. The choice cannot be directed by the BHRA. The BHRA's choice to adopt this policy risks use of the BHRA's resources to defend legal challenges to it.

The family is responsible for making this choice, not the BHRA.

In section B., the requirement for disclosure of Social Security Number (SSN) for a child under 6 years of age to include both the initial 90-day period and the second 90 days the BHRA is obligated to allow a person who has to produce a SSN for a child under 6 years of age. See "Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing, and Community Planning and Development Programs", 81 F.R. 12354 (March 8, 2016) and HUD Notice PIH 2016-05 "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies", (April 7, 2016), p. 4. The BHRA's choice to adopt this policy without necessary revisions risks use of BHRA's resources to defend legal challenges to it.

This section has been updated.

**P.10-11**

We pointed out in our 2015 comment letter the following legally incorrect statement in paragraph 6 beginning on P.10: "Letters from consulting physicians or rehabilitation consultants will be acceptable verification of disability or handicap status." We pointed out the broader range of sources who are acceptable to verify an applicant's/participant's "disability or handicap status". A doctor or other medical professional, a peer support group, a non-medical service agency, or a reliable third party who is in a position to know about the individual's disability may also provide

verification of a disability. We suggested that the BHRA might find help in the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Modifications Under The Fair Housing Act”, March 2008. The BHRA response in 2015 was: “The BHRA follows HUD guidelines in the verification of disability status.” The BHRA may certainly intend to follow HUD guidelines but in its statement regarding verification of disability status in this section it has failed. The Admin Plan must be revised here to conform to the law. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

This section has been updated to allow for other appropriate and knowledgeable sources.

### **P.13**

In the first paragraph on this page there is a reference to the BHRA VAWA Policy in Appendix G. Revise this paragraph to also include a reference to the BHRA Reasonable Accommodation Policy in Appendix K.

The reference has been added.

The discussion of determination of unit size in section D. must be revised to include the possibility of a larger unit size for reasons related to a family member’s disability, or at least refer to the BHRA Reasonable Accommodation Policy in Appendix K for more information about a larger unit size as an accommodation. (provided that Appendix K contains that information, of course). The BHRA’s choice to adopt this policy without necessary revisions risks use of BHRA’s resources to defend legal challenges to it.

The reference has been added.

Revise section E. to include a description of the earned income disregard for families with disabilities pursuant to 24 C.F.R. § 5.617 and HUD Notice PIH 2016-05 “Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies”, (April 7, 2016), pp.12-14. The description should include enough detail that families with disabilities can ask the BHRA for additional information when their income changes to qualify them for the disregard and so they know that the rules have changed from a 48-month period of eligibility to a 24 straight months time period of eligibility. It is not sufficient to include only “Amounts disregarded under the Disallowance for Persons with Disabilities exclusion, effective February 20, 2001 under (24 C.F.R. § 5.617).” which currently appears in the Draft Admin Plan at Appendix B. P.3.

Thank you for your comments.

### **P.17**

In paragraph 3 of section A., the BHRA refers to situations in which the “...unit and/or lease cannot be approved for any reason...”. When a lease is near, but not within the rent limits of the BHRA program, does the BHRA attempt to negotiate with the owner and the participant family to reach a rent level that is within the programs parameters? If this type of lease term adjustment takes place, how does the BHRA document these negotiations?

BHRA staff documents the participant of any lease negotiations or lease term adjustment.

**P.18**

The serious deficiencies presenting imminent danger to the family that are the subject of Bullet 1 on this page are not described with any degree of specificity. Although the BHRA may wish to keep its options open to define a condition in need of immediate attention with resolution within 24 hours as different situations arise, it would be helpful to owners and families alike to have some examples of what conditions rise to this level. In choosing what examples would be included in the non-exhaustive list here, we urge the BHRA to include the following:

- Where documentation verifies household member(s) physical well-being is endangered due to the presence of mold/mildew.
- Where documentation verifies household member(s) have blood lead levels at or above 5 micrograms/deciliter or the current blood lead reference level recommended by the Centers for Disease Control and Prevention.

The BHRA's goal is to preserve the occupancy of the family except when conditions present an imminent danger. Lead-based paint and mold testing cannot be completed within 24 hours. Housing Assistance Payments will be abated if repairs are not completed in a timely manner.

**P.19**

In the first bullet the BHRA outlines what steps it will take to recover its HAP funds if the owner fails to obtain and maintain a rental license from the City of Bloomington. The BHRA should include how it will assist a family in recoup its TTP paid to the owner when there was no rental license in place. The BHRA should inform the family that no rent is due until the license is in place. *See, Beaumia v. Eisenbraun*, No. A06-1482, 2007 WL 2472298 (Minn. Ct. App. Sep. 4, 2007) (unpublished). If the BHRA will not or cannot reimburse the family for the TTP the owner improperly collected when unlicensed, then the BHRA should at the very least provide the family with the evidence the BHRA has to show the lack of license and advise the family to seek legal advice about recovering the TTP amounts the owner illegally collected. A referral to Legal Aid and to Home Line for this legal advice would be very useful for the family. The family should recover their money just as the BHRA intends to take the steps necessary to recover its funds.

The BHRA is not required to recover tenant-paid rent from the owner. We do refer tenants to HomeLine and other tenant legal services.

The list of items under “Sanitary Facilities” that may not be HQS violations with repair only recommended, not required, includes “Running toilet”. We urge the BHRA to elevate this to a condition for which repair will be required. It is the sign of more serious neglected plumbing maintenance and often involves increased expenses for the family paying for the water wasted if the condition is not repaired in a timely and workman-like manner.

This condition does not rise to a “fail” condition. BHRA makes comments about such non-HQS conditions on the HQS form given to the owner and tenant.

**P.22**

Item #2 and #7 are nearly synonymous and can be combined into one statement for brevity and clarity.

Changes made as suggested.

**P.23**

“Part V. Ongoing Occupancy” includes points at which the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

In the second paragraph of section A. the BHRA continues to use a “50% plus a day” standard to define a permanent household member to determine appropriate occupancy standards. The BHRA’s stated rationale for this is the need to avoid one person receiving Section 8 benefits in two separate households. When dealing with dependent children there is a better way than this “50% plus a day” standard to meet what the BHRA stated as its goal in 2015. It is not a standard used in current family law practice or family court documents in Minnesota surrounding joint custody, physical or legal. An agreement considered “joint physical custody” may show a child living with a custodial parent 45% of the time – less than the 50% standard that the BHRA wants to impose. The policy in this paragraph should state that the BHRA will determine whether or not the child resides in a household by reviewing the family court order to determine who the court orders the child lives with and follow that order. This reading and following court documents is what the BHRA is required to do in other situations, *see* 24 C.F.R. § 982.315 (c) (2015). The BHRA’s staff is capable of doing the same here. The BHRA’s choice to adopt this policy risks use of the BHRA’s resources to defend legal challenges to it.

Thank you for your comments.

**P.24**

The BHRA states in paragraph 5 of section A. that it will recertify approved reasonable accommodation requests at each annual reexamination after the initial approval. There is no legal basis for the BHRA imposing the burdensome request that a disabled participant make a new reasonable accommodation request each year. The BHRA could ask that the participant verify her or a family member’s continued disability status, if done with every family with a disability. The disability status of a family member is no legal basis for imposing the additional requirement that a new reasonable accommodation request be made and evaluated by the BHRA annually. The BHRA cannot require a reasonable accommodation request annually with the accompanying verifications and BHRA analysis. HUD Notice PIH 2014-25 “Over-Subsidization in the Housing Choice Voucher Program”, (October 16, 2014), p. 4, requires the BHRA to verify annually, during the unit’s annual inspection, that an additional bedroom is used for medical equipment. However, in the discussion of reasonable accommodation of live-in aides and approval of an additional

bedroom for the live-in aide providing disability-related overnight care, *Ibid.*, p.3, there is no requirement that the family submit a new reasonable accommodation request for the BHRA review and approval annually. The verification during the annual inspection of the use of the additional bedroom for medical equipment is the only annual verification that the BHRA is authorized to carry out. Failure to remove this overreaching language in this section of the Draft Admin Plan will risk use of limited the BHRA's resources to defend legal challenges to this policy choice.

This section has been revised to allow exceptions to annual re-verification.

**P.25**

Eligibility screening of a new family member is a BHRA responsibility. 24 C.F.R. §§ 982.201 and 5.903 (2015). However, the BHRA exceeds its authority in paragraph 5 when it proposes to limit the bedroom size of a voucher counting only some family members even though the new member has passed all program eligibility requirements with BHRA approval. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

Thank you for your comments.

**P.26**

The first paragraph on P.26 misstates the law and creates a type of participant without the legal authority to do so. The BHRA Draft Admin Plan states "The original family is defined..." without providing any legal support for its assertion in either the Draft Admin Plan or its response to our request that this be changed in 2015. Federal law recognizes only one subset of family members and assigns that subset particular obligations -- the head of household. 24 C.F.R. §§ 5.403 and 982.201 (c) (2015). The law does not otherwise distinguish between original family members, subsequent family members or recognize any subset of family members as "original family members" or "add-on members". Once the BHRA approves a new family member after eligibility screening, the BHRA holds the new member to the same tenant obligations as other family members and includes the new family member's income in rent calculations like other family members. The new family member who has passed the eligibility requirements has the same legal rights and obligations as any other family member. There are no subsets of family membership with lesser rights or obligation under the law. The BHRA does not have the legal authority to create such subsets with diminished rights. The BHRA must revise provisions in its Draft Plan that limit the rights of a new family member. The BHRA's choice to adopt this policy without necessary revisions risks use of BHRA's resources to defend legal challenges to it.

Thank you for your comments.

Revise the documentation of permanent absence discussed in the second paragraph on P.26 to include the possibility of removing a person from the household without the listed verifications if other good cause exists. There may be circumstances unanticipated and/or unforeseen by the remaining family that prevent them from providing the type of verification the BHRA seeks in this section. For example, a family member may abandon the family and disappear so there is no way to provide the verifications the BHRA policy requires. A good cause criterion would allow the BHRA to consider the family's individual circumstances that do not fit into the examples cited in

this section and determine that the missing person has permanently left the household and remove the person the family has requested be removed.

The policy allows for flexibility as written.

The second paragraph in section C. states the BHRA will review written requests for hardship exceptions to the \$50 minimum rent but contains no information at all about what hardship exceptions are provided to participants by law so they know what to put in a written request to the BHRA. The Draft Admin Plan repeatedly avoids citing the actual law throughout the text but in a situation like this, where a participant cannot effectively exercise his/her legal rights without at least the minimum legal information provided by the BHRA, this section must be revised to include some law. Revise this section to inform participants that the following may constitute a financial hardship that would exempt them from the \$50 minimum rent if their written request is approved by the BHRA: (i) lost eligibility for federal or state benefits, (ii) pending eligibility determination for federal or state benefits, (iii) inability to pay minimum rent will result in eviction, (iv) changed circumstances, including loss of employment, or (v) death in the family. 24 C.F.R. § 5.630 (b) (2015). This information is necessary to provide due process to participants. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

The BHRA's policies and procedures for minimum rent meet HUD requirements.

**P.27**

In paragraph one, section D., the BHRA encourages participants to resolve disputes with owners without BHRA assistance. In 2015 we suggested that this section include free mediation services contact information so participants and owners could use this free community resource to resolve disputes. We do not understand why the BHRA rejected this suggestion so we renew it here. We have referred tenants and landlords to this service and many have reported reaching agreements that allowed them to continue the business relationship that their tenancy requires for the duration of their lease, and the service is free to both sides. Please reconsider providing the following information in this section of the Draft Admin Plan:

Conflict Resolution Center  
2101 Hennepin Avenue, Suite 100  
Minneapolis, MN 55405  
612-822-9883  
mediation@crcminnesota.org • [www.crcminnesota.org](http://www.crcminnesota.org)

The contact information has been added to the plan.

The “Absence from Unit” policies of section E. are still illegal. Failure to revise the Draft Admin Plan in this section places BHRA resources at risk to defend legal challenges to this position. The BHRA conflates the family’s obligation to report when “a family member no longer resides in the unit.”, 24 C.F.R. § 982.551 (h) (3) (2015), with the BHRA’s desire to control the circumstances under which a family member is temporarily away from home, but continues to live in the home. The temporary absence from home of an individual family member is not the legal equivalent of the absence of the entire family from the unit described in 24 C.F.R. § 982.312 (2015). The family absence covered

by 24 C.F.R. § 982.312 (2015) is defined as absence when no member of the family is residing in the unit, not the absence (temporary or permanent) of an individual family member. 24 C.F.R. § 982.312 (c) (2015). Although the family is required by law to inform the BHRA of who lives in the home and who no longer lives in the home, 24 C.F.R. §§ 982.551 (b) and (h)(3) (2015), the family is not required by law to seek pre-approval from the BHRA for any individual family member's absence. The family is not legally required to provide verification to the BHRA of the need for an individual family member's absence for the BHRA's assessment.

The BHRA is required to state in its Administrative Plan its time limit on absence of the entire family from the home, which according to regulation cannot exceed 180 days. 24 C.F.R. § 982.312 (e) (2015). The proposed language in the BHRA Draft Plan fails to satisfy this requirement because it does not address the absence of the entire family but erroneously focuses on the absence of individuals. The BHRA's choice to adopt this policy risks use of the BHRA's resources to defend legal challenges to it.

Thank you for your comments.

**P.28**

Revise paragraph 3 in section H to ensure that the BHRA's policy of denying moves for alleged debts excludes any alleged debt to the enumerated housing programs that are unenforceable because it is barred by the statute of limitations or has been discharged in bankruptcy. Also include in this paragraph information to the alleged debtor of her rights to challenge any alleged debt as provided in HUD-52675. Failure to make these changes risks use of BHRA's resources to defend legal challenges to it.

The BHRA follows HUD guidelines regarding amounts owed.

**P.29**

Bullet 1 in section K. requires verifiable information to move forward with an allegation of fraud or abuse of the program. If a referral, complaint or tip does not produce a verifiable information is the referral, complain or tip removed from the participant's file? It should not remain part of the participant file if nothing is verifiable and there are no negative results from the BHRA investigation. It is unclear in Bullet 1 or Paragraph #1 that this will happen.

Thank you for your comments.

In the BHRA 2015 Responses to our comments the "optional Release of Information form" referred to in section K.1. was provided to us. A copy of what we received is attached. This Release of Information does not satisfy the requirements of informed consent under the provisions of the MN Government Data Practices Act and its implementing Rules. Minn. Stat. § 13.05, subd.4 (2015); Minn. R. 1205.1400 Subp. 3 and 4 (2013). This form must be revised to conform to the law in order avoid the risk of use of the BHRA's resources to defend legal challenges to it.

This form is presently under review and revision by the BHRA.

**P.31**

“Part VI. Terminations” includes points at which the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

In bullet 1 of section c) the BHRA policy relies on the participant’s knowledge through “Things You Should Know” as a way to establish the participant’s knowledge that an action taken was wrong thus showing intentional misrepresentation. We looked at the BHRA website and were unable to locate a copy of the “Things You Should Know” document referenced in the policy. We did locate a HUD form, HUD-1140-OIG by this title, most recently dated November 2004, but are not sure that this is what you are referring to in this section of the Draft Admin Plan since the BHRA Plan says the documents in the section are signed by the participant and the HUD-1140-OIG we located has no signature block. Please provide the “Things You Should Know” that the BHRA would rely on to establish intentional misrepresentation pursuant to this section of the Draft Admin Plan.

This section has been revised and reference to “Things You Should Know” has been removed.

Paragraph 3 in section c) describes the letter from BHRA that the participant will receive after the BHRA completes its investigation. The Draft Admin Plan states in paragraph 3 that the participant will have 10 days “to furnish any mitigating evidence.” In preceding paragraph 2 in section c) the BHRA states that the termination letter will include Informal Hearing procedures and inform the participant that she has 10 days to request an Informal Hearing. Do these two 10 day periods run concurrently? These two paragraph must be revised to make it clear how these two periods relate to one another so the timeline is clear to the participant facing termination for fraud or misrepresentation under this section of the Draft Admin Plan.

These are two different actions and do not coincide.

**P.32**

Revise Bullet 4 in section B. to ensure that the BHRA’s policy denying or terminating assistance to a participant for alleged debts excludes any alleged debt to the enumerated housing programs that is unenforceable because it is barred by the statute of limitations or has been discharged in bankruptcy. Also include in this paragraph information to the alleged debtor of her rights to challenge any alleged debt as provided in HUD-52675. Failure to make these changes risks use of BHRA’s resources to defend legal challenges to it.

The BHRA follows HUD guidelines regarding amounts owed.

Revise Bullet 5 in section B. to ensure that the BHRA's policy denying or terminating assistance to a participant for alleged debts excludes any alleged debt to the enumerated housing programs that is unenforceable because it is barred by the statute of limitations or has been discharged in bankruptcy. Also include in this paragraph information to the alleged debtor of her rights to challenge any alleged debt as provided in HUD-52675. Failure to make these changes risks use of BHRA's resources to defend legal challenges to it.

The BHRA follows HUD guidelines regarding amounts owed.

**P.34**

The first paragraph in section B. refers to an HRA determination that a participant owes a debt to the BHRA as a result of a termination action. The BHRA is required pursuant to HUD-52675 to have a policy for resolving challenges to alleged debts. We are unable to locate any process like this in the Draft Admin Plan. This section seems like a logical place for this policy or a reference to it if it is in some other part of the Draft Admin Plan. The BHRA's choice to adopt this policy without necessary revisions risks use of BHRA's resources to defend legal challenges to it.

The BHRA follows HUD guidelines regarding amounts owed.

The first paragraph in section B. refers to BHRA collection of an alleged debt through the Minnesota Revenue Recapture Act. Since this is significant adverse action against a participant the citation, Minn. Stat. § 270A.01-.12 (2015), should be used so an affected family can find more information.

Thank you for your comments.

The Revenue Recapture Act, Minn. Stat. § 270A.09 (2015), requires that the BHRA have a hearing process for an alleged debtor against whom the BHRA uses the Revenue Recapture process may challenge the debt. The hearing be conducted according to the contested case procedures of the MN Administrative Procedures Act (APA), Minn. Stat. §§ 14.57-14.62 (2015). We are unable to locate any hearing procedures in the Draft Admin Plan that include the APA requirements that the Revenue Recapture Act requires. These hearing procedures must be included here or a reference added to its location in the Draft Admin Plan. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

The Minnesota Revenue Recapture Act, at Minn. Stat. § 270A.08 provides that if a public agency administers a low-income housing program, and has provided a debtor with the opportunity to contest the issues regarding the validity of the claim at a hearing conducted pursuant to HUD regulations, no further hearing is required. Therefore, Minn. Stat. § 270A.09 does not apply.

**P.36**

Paragraph 1 on P.36 describes the Voucher Payment Standard. The BHRA may now approve a payment standard of not more than 120% of the FMR as a reasonable accommodation for a family that includes a person with a disability without HUD approval. *See*, HUD Notice PIH 2016-05 “Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies”, (April 7, 2016), p.31. Revise this section to include this opportunity as a reasonable accommodation for participants with a disability. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

120% approvals are addressed in section XIII of Appendix K – Reasonable Accommodations, which has been updated.

#### **App.A.**

##### **P.1**

Paragraph A.3. limits information to the community, which would include potential participant families, to electronic information on the BHRA website. Not all people, and certainly not all low-income people, have internet access. The BHRA must make printed materials available, as well as electronic communications, in order to effectively communicate with the community. The BHRA includes print materials for owners at C.4. on P.3; and should do the same here to avoid the appearance of bias.

The BHRA provides this in written form upon request.

##### **P.2**

Paragraph B.2.c. limits information to the families to electronic information on the BHRA website. Not all potentially eligible low-income families people have internet access. The BHRA must make printed materials, as well as electronic communications, available in order to effectively communicate with potential families. The BHRA includes print materials for owners at C.4. on P.3; and should do the same here to avoid the appearance of bias.

The BHRA provides this in written form upon request.

Add the “Access Press” to paragraph B.2.d.

The reference has been added.

##### **P.3**

Add “Access Press” to paragraph C.2. to recruit additional owners who either are disabled or are interested in providing housing serving the community of people with disabilities.

The reference has been added.

##### **P.4**

Subparagraph 1.a. refers to a “Finders-Keepers” policy. There is nothing in the Draft Admin Plan about a “Finders-Keepers” policy when we did a word search for the term. Revise the Draft Admin Plan to add this information or delete this subparagraph.

This reference has been removed.

Subparagraph 1.b. includes a 30% assistance priority for very low-income families and subparagraph 1.g. includes a 75% of assistance priority for extremely low-income families. A total of 105% would seem to create an impossibility so something must be changed or additional explanation added for clarification.

This section has been revised to reflect HUD's current income targeting requirements.

The definition of extremely low-income in subparagraph 1.g. is incorrect. See 24 C.F.R. § 5.603 (2015) and HUD Notice PIH 2016-05 "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies", (April 7, 2016), p.5., for the correct definition.

This section has been corrected.

#### **P.5**

Revise 2.a. to include in the list the step(s) the BHRA takes to meet its obligations under 24 C.F.R. § 982.301 (2015) to advise families about the advantages of areas that do not have a high concentration of low-income families. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

This section has been updated to include this information.

Subparagraph 2.a.(6) refers to "operation of the shopping incentive credit." There is nothing in the Draft Admin Plan about "operation of the shopping incentive credit" when we did a word search for the term. Revise the Draft Admin Plan to add this information or delete this subparagraph.

This reference has been removed.

#### **App.B.**

##### **P.2**

Renumber the items listed as included in income so "State school grants in excess of school..." is 7).

This change has been made.

In what is currently item 7), and should be 8) when the renumbering noted *supra* is complete, replace "alimony" with "spousal maintenance", the contemporary legal term in use.

This change has been made.

##### **P.3**

It is not sufficient to state at B.13) only “Amounts disregarded under the Disallowance for Persons with Disabilities exclusion, effective February 20, 2001 under (24 C.F.R. § 5.617)(sic).” The item is meaningless to the ordinary reader. It could be revised by including a description of the earned income disregard for families with disabilities pursuant to 24 C.F.R. § 5.617 (2015) and HUD Notice PIH 2016-05 “Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies”, (April 7, 2016), pp.12-14. The description must include enough detail that families with disabilities can ask the BHRA for additional information when their income changes to qualify them for the disregard and so they know that the rules have changed from a 48-month period of eligibility to a 24 straight months time period of eligibility. Or, if the BHRA prefers, this section of the Appendix could be revised through a reference to III.E. on p.13 if the revisions described in our comments *supra* on that section are made.

Thank you for your comments.

#### **App.C.**

In “Appendix C. Selection Preferences” when reviewing preferences linked to disability the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

#### **P.1**

Does the preference in subparagraph 2. for a witness to a crime who has gone through the required threat assessment and recommendation process include a crime victim who possess the same qualifying criteria? If not, what is the BHRA rationale for excluding crime victims in under those circumstances?

This preference has been removed.

It appears there is a typo in line 2 of the “Continuously Assisted” section. Should “with one year” be “within one year”?

This change has been included.

#### **App.D.**

In “Appendix D. Subsidy Standards” when reviewing families with reasonable accommodations related to unit size the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

**P.1**

Revise the second paragraph on P.1 to include the option of approval of an additional bedroom as a reasonable accommodation for the use by a live-in aide. See HUD Notice PIH 2014-25 “Over-Subsidization in the Housing Choice Voucher Program”, (October 16, 2014), p.3-4. The BHRA’s choice to adopt this policy without necessary revisions risks use of BHRA’s resources to defend legal challenges to it.

Live-in aide requests are covered in section V, part G as well as in the reasonable accommodation policy located in Appendix K.

**App.E.**

In “Appendix E. Section 8 Housing Choice Voucher Program Informal Review and Hearing Procedure” the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

Revise the Appendix to include the hearing rights mandated by 24 C.F.R. §§ 5.903 (f) and 982.553 (d) (2015). There is nothing in this section about the BHRA hearing process for a family who will be denied admission or have their assistance terminated based on the criminal record obtained by the BHRA. The BHRA must provide the family with a copy of the record on which it is basing its adverse action and provide the family an opportunity for an informal hearing to dispute the accuracy and relevance of the criminal record. The BHRA policy and Admin Plan must provide the Informal Hearing in this situation before the BHRA denies admission or terminates assistance based on the criminal record. 24 C.F.R. § 5.903 (f) (2015). Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

The family is provided the record and the opportunity to dispute it. A hearing is not required by HUD regulations to dispute criminal records. A hearing is always offered in cases of denial of admission or termination of assistance.

**App.G.**

In “Appendix G. Violence Against Women (VAWA) Policy” the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

**P.7**

Please provide us with copies of the Notices regarding VAWA given to applicants, to tenants/participants and to owners that are the subject of section XII.

The BHRA includes notices such the following: “If you or any family member is a victim of domestic or sexual violence, you may have certain rights and protections under the Violence Against Women Act (VAWA). If such a victim is present in the household, submit a request to the HRA to access these rights. Such a statement must be received within 14 days of the date of this letter.”

**App.H.**

**P.1**

When were the last two assessments and updates done by the BHRA that are the subject of section II.?

The BHRA is undertaking a revision of its LEP Policy.

**P.2**

In paragraph 3 of section 3 the BHRA states that it will “periodically assess client needs for language assistance based on requests for interpreters and/or translation, as well as the literacy skills of clients.” Is the BHRA policy discussion periodic assessments of its LEP participants class as a whole or is it discussing periodic assessments of individual LEP participants? In either case, please tell us the following: (i) who on the BHRA staff does these assessments; (ii) what skills and training the BHRA staff persons doing these assessments have in LEP; and (iii) what materials the BHRA uses to make these assessments.

What steps does the BHRA take to ensure it is providing meaningful access to LEP applicants, participants and community members when it has determined pursuant to paragraph one of section 4 that a document will not be translated?

The BHRA is undertaking a revision of its LEP Policy.

**P.3**

In section 5, bullet 2, how does the BHRA prevent conflicts of interest issues when using interpreters from what are often small LEP communities within the Metro area? If the interpreter and LEP applicant, participant or community member are acquainted does the BHRA have a recusal process or method to disclose and waive the conflict of interest?

The BHRA is undertaking a revision of its LEP Policy.

**App.I.**

In “Appendix I. Project-Based Voucher Assistance Guidelines” the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. This section should include a

section that covers the BHRA's obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

**P.5**

Paragraph 1 of the "Income Targeting" section is incorrect. See 24 C.F.R. § 5.603 (2015) and HUD Notice PIH 2016-05 "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies", (April 7, 2016), p.5., for the correct definition. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

This paragraph is correct as written. Per HUD regulations, in order to minimize displacement, in-place families of new units placed under project-based contract are not subject to income targeting requirements.

**P.6**

In paragraph one of the "Briefing of Families" section the BHRA provides the participant family with the HUD-prescribed lead-based paint brochure. This information is as important to the health of participants in the Housing Choice Voucher Program as it is to the participants in the Project-Based Voucher Program. Revise the briefing section of the Draft Admin Plan for the Housing Choice Voucher Program, at III.C., to ensure that Housing Choice Voucher participants receive this brochure.

Reference to the lead-paint brochure has been added to page 11.

According to Bullet 3 of the "Briefing" section the BHRA plans to provide a tenant-based Voucher to a family moving after 12 months in the Project-Based Voucher program, if the BHRA has a Voucher available at the time of the family's move. How many Vouchers have been provided in these circumstances in each of the last 2 years? How many moving families have been denied a Voucher in each of the last 2 years because a Voucher was not available at the time of the family's move?

The BHRA currently has 31 units under project-based contract. The BHRA has not denied a moving project-based participant a tenant-based voucher in 2015 or 2016.

**P.9**

Revise the "Limits on Initial Rent to Owner" to include the fact that the BHRA may now approve a payment standard of not more than 120% of the FMR as a reasonable accommodation for a family that includes a person with a disability without HUD approval. See, HUD Notice PIH 2016-05 "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies", (April 7, 2016), p.31. The BHRA's choice to adopt this policy without necessary revisions risks use of BHRA's resources to defend legal challenges to it.

Mr. Thorson, Mr. Grout and Mr. Hartman

September 13, 2016

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The 120% approval is not applicable to the project-based program, as a payment standard is not used in the calculation of tenant rent. The rent calculation for project-based units ensures that tenants never pay more than 30% of their adjusted income toward rent and utilities.

**App. J.**

**P.1**

Please revise our name to “Mid-Minnesota Legal Aid – Minneapolis”; the other information remains the same.

Revised as noted.

**App. K.**

In “Appendix K. Reasonable Accommodation Policy” the BHRA will obtain chemical health records. The BHRA has specific obligations regarding the retention and disclosure of chemical health records of applicants and participating families. B. This section should include a section that covers the BHRA’s obligations pursuant to the Confidentiality of Alcohol and Drug Abuse Patient Records statute and regulation, 42 U.S.C. § 290ee-3 (2015); 42 C.F.R. Part 2 (2015).

The BHRA does not request or obtain chemical health records.

**P.1**

Add to the third paragraph of section II. the citation for the ADA Amendments Act (ADAAA), Pub. L. No. 110-325, § 2(b)(1), 122 Stat. 3553 (2008) (codified at 42 U.S.C. § 12101 *et seq.*) which significantly amended the ADA already cited in this paragraph.

This citation has been added to the section.

**P.2**

Revise section G. to include in the definition of reasonable accommodation “physical modifications” which may also be the subject of reasonable accommodation requests just as the exceptions to the BHRA’s rules, policies or procedures that the BHRA Draft Admin Plan already includes in this section. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

Updated to include physical modifications to BHRA-owned units.

**P.3**

Revise the third paragraph of section G. The correct standard is “undue financial and administrative burden” not “undue financial or administrative hardship” incorrectly used in the BHRA Draft Admin Plan. *See* the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Accommodations Under The Fair Housing Act”, May 2004, and the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Modifications Under The Fair Housing Act”, March 2008. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

This change has been made as noted.

Revise the definition of direct threat in section H. removing: “the person’s own health or safety”. This is not a part of the legal criterion of direct threat. *See* 42 U.S.C. § 3604 (f) (9) (2015). The BHRA’s choice to adopt this policy risks use of the BHRA’s resources to defend legal challenges to it.

[This section has been updated as noted.](#)

Delete section I “Undue Hardship”. It is not the legal standard for evaluating a reasonable accommodation request.

[This section has been deleted.](#)

Revise the third paragraph of section IV. The correct standard is “undue financial and administrative burden” (emphasis added) not “undue financial *or* administrative burden” (emphasis added) as incorrectly used in the BHRA Draft Admin Plan. *See* the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Accommodations Under The Fair Housing Act”, May 2004, and the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Modifications Under The Fair Housing Act”, March 2008. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

[This section has been updated as noted.](#)

#### **P.4**

Revise section V. to include a timeline in the process for the BHRA to respond to a reasonable accommodation request. Each request turns on individual facts but the person making the request should have some idea of how long the BHRA will take to make its determination or respond seeking more information.

[Thank you for your comments.](#)

Revise section XII. The correct standard is “undue financial and administrative burden” (emphasis added) not “undue financial *or* administrative burden” (emphasis added) as incorrectly used in the BHRA Draft Admin Plan. *See* the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Accommodations Under The Fair Housing Act”, May 2004, and the “Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Modifications Under The Fair Housing Act”, March 2008. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

[This change has been updated as noted.](#)

In the third paragraph of section XIII., the BHRA describes a BHRA “informational sheet on how to request a reasonable accommodation” it distributes at the listed events. Please provide us with a copy of this information sheet. This information should include how to make a reasonable

accommodation request to the participant's landlord as well as the BHRA. The owner is obligated to make reasonable accommodations by law and the terms of the HAP Contract HUD-52641.

The informational sheet is attached. Tenants reasonable accommodation requests of their landlord are made directly to the landlord.

Revise the fourth paragraph of section XIII. to reflect the fact that the BHRA may make the exception up to 120% without seeking HUD approval. *See*, HUD Notice PIH 2016-05 "Streamlining Administrative Regulations for Programs Administered by Public Housing Agencies", (April 7, 2016), p.31. The BHRA's choice to adopt this policy risks use of the BHRA's resources to defend legal challenges to it.

This section has been updated as noted.

Revise the first sentence of section XIV. to include physical modifications as a form of reasonable accommodations along with the exception to BHRA's rules, policies and procedures. See the "Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Modifications Under The Fair Housing Act", March 2008. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

Updated to include physical modifications to BHRA-owned units.

Revise the last sentence of paragraph one of section XIV. The correct standard is "undue financial and administrative burden" (emphasis added) not "undue financial *or* administrative hardship" (emphasis added) as incorrectly used in the BHRA Draft Admin Plan. *See* the "Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Accommodations Under The Fair Housing Act", May 2004, and the "Joint Statement Of The Department Of Housing And Urban Development And The Department Of Justice Reasonable Modifications Under The Fair Housing Act", March 2008. Failure to revise the Draft places BHRA resources at risk to defend legal challenges to this position.

This section has been updated as noted.

We hope that these comments will be used to revise the Bloomington HRA FY 2017 Annual Plan and the Draft FY2016-2017 Administrative Plan Section 8 Rent Assistance Housing Choice Voucher Program before it is approved by the Bloomington HRA Board. If you have any questions regarding the points we have raised, please contact us.

Sincerely,

/s/

Dorinda L. Wider  
Attorney at Law

DLW:nh

Enc.

cc: Erika Grant, HUD FHEO

1606-0434140--1702030.docx

Below is the BHRA's Request for A Reasonable Accommodation form, the text of which is place on the BHRA's letterhead.

## REQUEST FOR A REASONABLE ACCOMMODATION

<u>This is important housing information.</u>
<u>If you do not understand it, have someone translate it for you now.</u>
<u>Información importante acerca de las viviendas.</u>
<u>Si usted no lo comprende, pida a alguien que le traduzca ahora.</u>
<u>Qhov no yog lus tseem ceeb heev qhia txog tsev nyob.</u>
<u>Yog tias koj tsis tau taub thov hais rau lwm tus pab txhais rau koj.</u>
<u>Это важная информация о жилищади.</u>
<u>Если Вы её не понимаете, попросите кого-нибудь сейчас перевести её Вам.</u>
<u>Kani waa warbixin muhiim ah ee ku saabsan guriyaha.</u>
<u>Haddii aadan fahamsaneyn waa in aad heshaa hadeertaan qof kuu tarjuma</u>

Dear Client,

If you, or a member of your family, have a disability you may request a reasonable accommodation at the application process or after admission. If you would prefer not to discuss your disability with the HRA, that is your right.

If you need:

- A change in our policies or procedures
- A change in the way we communicate with you
- Other accommodation

Because of a disability, you may ask for this change, which is called a "reasonable accommodation." If your request is reasonable, we will try to make the changes you need.

We will typically make a decision within thirty (30) days. We will let you know if we need more information or verification from you or if we would like to discuss other ways of meeting your needs.

If we turn down your request, we will explain our decision, and you may give us additional information.

If you need help in using the form on the back of this sheet, or if you want to give us your request in another way, we will help you.

Thank you,  
Bloomington HRA

### **REQUEST FOR A REASONABLE ACCOMMODATION**

The following member of my Household has a disability:

Due to this disability, please provide this reasonable accommodation:

I need this reasonable accommodation because:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Mr. Thorson, Mr. Grout and Mr. Hartman  
September 13, 2016  
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Complete this form & return to:

Bloomington HRA  
1800 West Old Shakopee Road  
Bloomington, MN 55431  
hra@bloomingtonmn.gov  
Phone: 952-563-8937 Fax: 952-563-4977

**Certifications of Compliance with  
PHA Plans and Related Regulations  
(Standard, Troubled, HCV-Only, and  
High Performer PHAs)**

**U.S. Department of Housing and Urban Development**  
Office of Public and Indian Housing  
**OMB No. 2577-0226**  
**Expires 02/29/2016**

**PHA Certifications of Compliance with the PHA Plan and Related Regulations including  
Required Civil Rights Certifications**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the \_\_\_ 5-Year and/or \_\_\_ X \_\_\_ Annual PHA Plan for the PHA fiscal year beginning \_\_\_01/01/2017\_\_\_, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
5. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
6. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those programs, addressing those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.
7. For PHA Plans that includes a policy for site based waiting lists:
  - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2010-25);
  - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
  - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
  - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing;
  - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
8. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
9. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
10. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
11. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

12. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
13. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
14. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
15. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
16. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
17. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
18. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
19. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

Bloomington HRA  
 PHA Name

MN152  
 PHA Number/HA Code

Annual PHA Plan for Fiscal Year 2017

5-Year PHA Plan for Fiscal Years 20     - 20    

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Name of Authorized Official	Title
Mark Thorson	Chairman
Signature	Date

**Civil Rights Certification**  
*(Qualified PHAs)*

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing  
OMB Approval No. 2577-0226  
Expires 02/29/2016

**Civil Rights Certification**

**Annual Certification and Board Resolution**

*Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official, I approve the submission of the 5-Year PHA Plan for the PHA of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the public housing program of the agency and implementation thereof:*

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those program, addressing those impediments in a reasonable fashion in view of the resources available and working with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.

Bloomington HRA  
PHA Name

MN152  
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official: Mark Thorson

Title: Chairman

Signature

Date

**Certification by State or Local  
Official of PHA Plans Consistency  
with the Consolidated Plan or  
State Consolidated Plan  
(All PHAs)**

U. S Department of Housing and Urban Development

Office of Public and Indian Housing

OMB No. 2577-0226

Expires 2/29/2016

**Certification by State or Local Official of PHA Plans  
Consistency with the Consolidated Plan or State Consolidated Plan**

I, David J. Hough, the County Administrator  
*Official's Name* *Official's Title*

certify that the 5-Year PHA Plan and/or Annual PHA Plan of the

Bloomington HRA  
*PHA Name*

is consistent with the Consolidated Plan or State Consolidated Plan and the Analysis of

Impediments (AI) to Fair Housing Choice of the

Hennepin County Consortium  
*Local Jurisdiction Name*

pursuant to 24 CFR Part 91.

Provide a description of how the PHA Plan is consistent with the Consolidated Plan or State Consolidated Plan and the AI.

The Bloomington HRA's Agency Plan for its Housing Choice Voucher (Section 8) Program is consistent with the goals and objectives of the Hennepin County Consortium's Consolidated Plan. The HRA's Agency Plan describes how the HRA provides affordable housing to all eligible applicants, including those members of minority groups that have a disproportionately greater need due to housing cost burdens, as identified in section NA-15 of the Consolidated Plan. The Agency Plan is also consistent with the AI as it provides applicants access to affordable housing outside areas of racially/ethnically concentrations of poverty.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
David J. Hough	County Administrator
Signature	Date
	

# HRA Agenda Item



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Originator Housing and Redevelopment Authority	Item <b>Modification of Penn American Redevelopment Project Area and approval of Knox and American Redevelopment TIF District and Plan</b>
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Date  
10/11/2016

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## Description

The Bloomington Housing and Redevelopment Authority Board of Commissioners will consider approval of the attached resolution:

- Approving a modification of the boundaries of the Penn and American Redevelopment Project;
- approving a modification of the Redevelopment Plan;
- establishing the Knox and American Tax Increment Financing District (a Redevelopment District), and approving a Tax Increment Financing Plan

The Bloomington Housing and Redevelopment Authority is working with Stuart Co and United Properties to redevelop the properties at 1901 American Boulevard South and 8849 Morgan Circle South in the Penn American District in Bloomington. The HRA owns the property at 8000 Knox Avenue South, which has been designated as blighted, which will be the location of the Redevelopment TIF District. The developers are seeking to construct approximately 248 units of rental housing on the 1901 American Boulevard and 8849 Morgan Circle sites ("Knox & American"), in which a minimum of 20% of the units would be designate for households with incomes at 50% of area median income or below. A hotel or similar use is planned to be constructed on the 8000 Knox Avenue South (Redevelopment TIF) site.

The HRA is requesting the creation of the TIF district to assist in the project financing. The development has a financing gap of \$18.5 million, and the Redevelopment TIF district is projected to provide \$2 million (present value) to cover a portion of the gap. The remainder of the gap financing will be made up through external funding sources, including the Metropolitan Council, the Minnesota Housing Finance Agency, the Bloomington HRA, and the developers. The TIF district will not be certified until all project financing is in place.

The Bloomington City Council approved the Redevelopment TIF District and Plan on Monday, October 3, 2016.

The project will not move forward without the creation of the Redevelopment Tax Increment Financing (TIF) district. Financial assistance is needed due to:

1. The limited revenue from the affordable units
2. The market rate units will have rent structures at approximately \$1.50/sq. ft., which are significantly less than most new construction market rate rentals (\$1.80/sf. ft. - \$2.00+/sq. ft.)
3. Infrastructure costs, including structured underground parking, storm water management, and the construction of a new street
4. The redevelopment of the site, including demolition of existing buildings

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## Requested Action:

Resolution approving a modification of the boundaries of the Penn and American Redevelopment Project; approving a modification of the Redevelopment Plan; establishing the Knox and American Tax Increment Financing District (a Redevelopment District); and approving a Tax Increment Financing Plan.

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## Attachments:

Resolution  
Modified Redevelopment Plan  
Redevelopment TIF Plan

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION APPROVING A MODIFICATION OF THE BOUNDARIES OF THE PENN AND AMERICAN REDEVELOPMENT PROJECT; APPROVING A MODIFICATION OF THE REDEVELOPMENT PLAN THEREFOR; ESTABLISHING THE KNOX AND AMERICAN TAX INCREMENT FINANCING DISTRICT (A REDEVELOPMENT DISTRICT); AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR**

*WHEREAS*, the Housing and Redevelopment Authority in and for the City of Bloomington (the “Authority”) is a housing and redevelopment authority within the meaning of Minnesota Statutes, Sections 469.001 through 469.047, as amended (the “HRA Act”); and

*WHEREAS*, the City of Bloomington (the “City”) and the Authority previously created the Penn and American Redevelopment Project (the “Project”) within the City and adopted the Penn and American Phase I Redevelopment Plan, as heretofore amended (the “Redevelopment Plan”), to encourage the redevelopment of the area bounded by Penn Avenue on the west, American Boulevard on the north, Morgan Circle on the east, and 82<sup>nd</sup> Street on the south in the City (the “Project Area”); and

*WHEREAS*, the City and the Authority have determined to modify the Redevelopment Plan for the Project and approve a tax increment financing plan (the “TIF Plan”) relating to the creation of a new tax increment financing district within the Project designated as the Knox and American Tax Increment Financing District (a Redevelopment District) (the “Redevelopment TIF District”), pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and Minnesota Statutes, Sections 469.174 through 469.1974, as amended (the “TIF Act”), all as described in a plan document presented to the Board of Commissioners of the Authority on the date hereof; and

**WHEREAS**, the purpose of the proposed Redevelopment TIF District is to facilitate the redevelopment of blighted areas in the City; and

**WHEREAS**, the City and the Authority have determined to consider an additional modification of the Redevelopment Plan to expand the boundaries of the Project Area, such that the Project Area will be bounded by Knox Boulevard on the east; and

**WHEREAS**, pursuant to Section 469.175, subdivision 2a of the TIF Act, written notice of the proposed Redevelopment TIF District was timely delivered to the commissioner of Hennepin County, Minnesota (the “County”) who represents the area to be included in the proposed Redevelopment TIF District; and

**WHEREAS**, pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the School Board of Independent School District No. 271 and to the Board of Commissioners of the County at least thirty (30) days prior to the public hearing required in Section 469.175, subdivision 3 of the TIF Act; and

**WHEREAS**, on October 3, 2016, the City Council conducted a duly noticed public relating to the modified Redevelopment Plan, the expansion of the boundaries of the Project Area, the TIF Plan, and the establishment of the Redevelopment TIF District, at which public hearing the views of all interested parties were heard; and

**NOW THEREFORE BE IT RESOLVED BY THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BLOOMINGTON** that, based upon the foregoing,

1. The expansion of the boundaries of the Project Area and the modification to the Redevelopment Plan therefor are hereby approved.

2. The creation of the Redevelopment TIF District and the TIF Plan therefor are hereby approved.

3. The Board of Commissioners of the Authority authorizes and directs the Administrator of the Authority to file a request for certification of the Redevelopment TIF District with the County Auditor and to file a copy of the TIF Plan and the Redevelopment Plan, as modified, with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act.

Passed and adopted this 11<sup>th</sup> day of October, 2016.

\_\_\_\_\_  
HRA Chair

ATTEST:

\_\_\_\_\_  
Secretary to the HRA

**Housing and Redevelopment  
Authority in and for the City of Bloomington**

**City of Bloomington, Minnesota**

**Modified Redevelopment Plan**

**for**

**Penn and American Redevelopment Project Area**

**Draft Dated: October 6, 2016**

**Public Hearing Scheduled: October 3, 2016**

**Approval by City Council: October 3, 2016**

**Anticipated Approval by HRA Board: October 11, 2016**

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# **Penn and American Redevelopment Plan as Modified October 2016**

## **Introduction**

In 2008, the Bloomington City Council identified the area located in and around Penn Avenue and American Boulevard as a key area for future redevelopment. The HRA established the Penn and American TIF District on March 21, 2011, as well as the Penn and American Redevelopment Project, to facilitate financing as outlined in the redevelopment plan. The area and projects comprising the first phases of redevelopment have been identified as Penn and American Phase I. The district plan has evolved with future phase planning beyond the area initially identified. In 2014, the City Council approved a district plan for the area (“Penn American District Plan”) that will also comprise the area to be included in Phase II of the Penn and American Redevelopment Project (and referenced as Knox and American: Redevelopment and Housing). The original and updated district plan has been developed based on the following “Guiding Principles”:

- Gradually redevelop Bloomington’s outdated strip centers at key locations and integrate into higher density mixed-use districts.
- Drive future value for district stakeholders within a flexible master plan that allows for phased and incremental redevelopment while respecting existing land uses.
- Promote a range of transportation options (multimodal) that take advantage of the Penn and American district location at the intersection of I-494 and I-35W and American Boulevard.
- Provide a mix of market-driven uses including retail, office, residential, hospitality, entertainment, and civic within a flexible district plan that encourages higher densities and transit use.
- Establish a clear design plan for streets, blocks, parks, squares and open space that creates a vibrant sense of place while supporting a variety of private and civic land uses.
- Create a clear plan flexible enough to adapt to cyclical market conditions, land uses and densities.
- Incorporate high quality architecture around landscaped streets, parks, squares and other pedestrian amenity spaces.
- Create a district plan that connects and transitions appropriately to the surrounding site in terms of building locations and size, density, transportation and pedestrian linkages.
- Create a district plan that fits within the overall local and municipal infrastructure system of transportation, stormwater management, utilities, pedestrian movement and other key systems.
- Redevelop the district utilizing sustainable site planning and infrastructure practices as well as green building practices where appropriate.

At the direction of the City and within the concept set forth in the “Guiding Principles,” the Bloomington Housing and Redevelopment Authority studied the area identified in this document and the Penn American District Plan and determined that the area is appropriate for redevelopment. On March 21, 2011, the Penn and American Redevelopment Plan Phase I was approved. The HRA commenced the first phases of a redevelopment project as provided for under Minnesota Statutes 469.002, Subd.14 within the Project Area shown in Figure 1. The HRA, through the adoption of this plan, has or intends to:

- Acquire blighted areas and other real property for the purpose of removing, preventing or reducing blight, blighting factors or the causes of blight;
- Clear areas acquired and install, construct or reconstruct streets, utilities, and site improvements; and
- Sell land for uses set forth in this redevelopment plan including the development of new retail uses and housing.

The Council has adopted in the “General Plan” of the City and the Penn and American Redevelopment Plan a vision to encourage redevelopment which emphasizes a mix of uses in a compact, multi-modal pedestrian and transit oriented environment.

The HRA has determined that without its participation and public assistance, the project area could not be assembled and developed in a manner consistent with the general plans of the City of Bloomington or the Guiding Principles and vision established for the area. This Redevelopment Plan is established under Minnesota Statutes 469.027.

The Penn and American Phase I and Phase II Redevelopment Plan describes the Project Area, the existing conditions, development plans for the Project Area, how the Plan addresses the goals set forth in the City of Bloomington’s General Plan as well as specific principles established for this area, anticipated public involvement, the need for public assistance and the method of financing publicly assisted activities.

## Definitions

For purposes of this Redevelopment Plan, the terms defined in this section have the meanings given them:

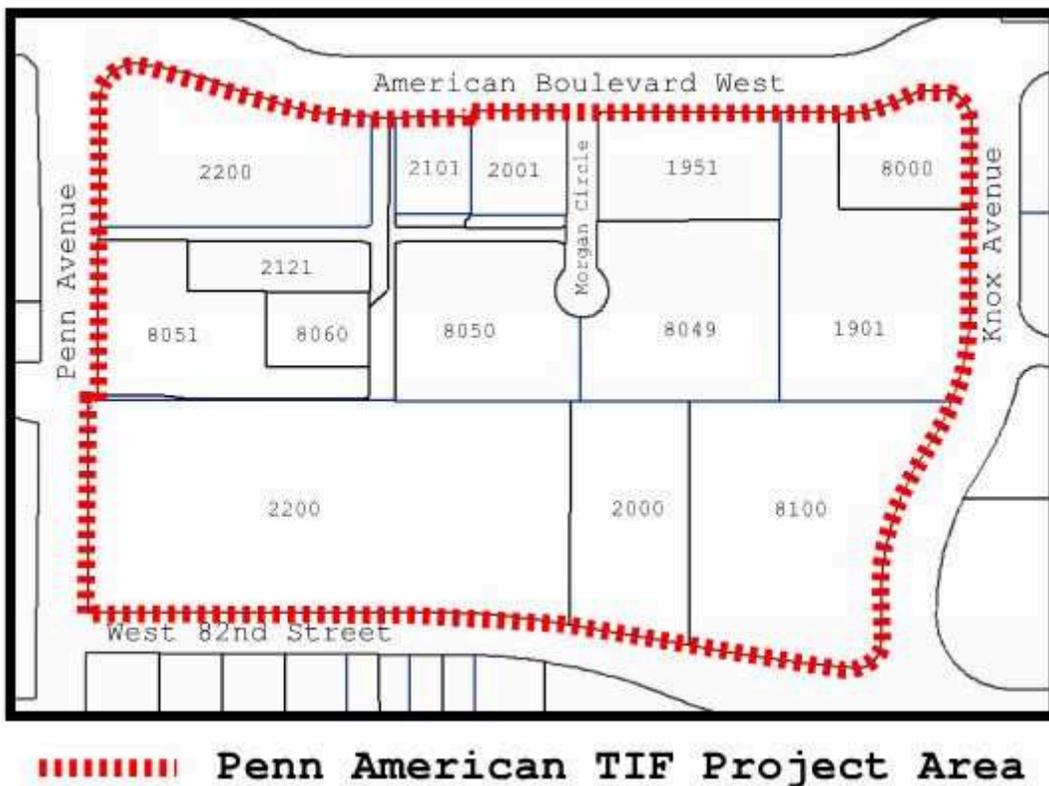
- “HRA” means the Housing and Redevelopment Authority in and for the City of Bloomington.
- “City” means the City of Bloomington, Minnesota acting through its City Council.
- “HRA Act” means Minnesota Statutes, Sections 469.001 to 469.047.
- “Tax Increment Financing Plan” or “TIF Plan” means a Tax Increment Financing Plan for a TIF District created within the Project Area.
- “Redevelopment Project” or “Project” means the Penn and American Project as established by the HRA and approved by the City.
- “Redevelopment Plan” means this Redevelopment Plan as adopted and amended from time to time.
- “Project Area” means the geographic area identified in Figure I.
- “General Plan” means the Comprehensive Plan of the City of Bloomington.
- “Tax Increment Bonds” or “TIF Bonds” means the bonds, notes or other obligations of the City to be issued to finance public redevelopment costs of the Project.
- “Blight” or “Blighted” means any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or

obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

## Project Area

The project area consists of fifteen parcels and public streets. The project boundaries and parcels are identified in Figure I. Addresses and legal descriptions for each parcel are contained in Exhibit A.

**Figure I**  
Penn and American Phase I and II Project Area  
As Modified (October 2016)



## Prior and Current Existing Conditions

As described in Table I, the Project Area is occupied by a variety of commercial buildings, vacant contaminated parcels, uncontrolled and inadequate access, and a water reservoir. Many properties share common driveways and access to the surrounding streets which are inefficient or impede the development of the surrounding parcels, etc. See Figure II on the accompanying page for an aerial view of the existing redevelopment area.

**TABLE I**  
**Prior and Current Existing Conditions Summary**

Address	PINS	Age of Building	Land Area (sq. ft.)	Building Area (sq. ft)	Owner	Status
<u>Phase I of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u>						
8005 Penn Ave	0402724230001	vacant	123,018	n/a	HRA	Building Demolished, DRAP implementation underway
8051 Penn Ave	0402724230016	vacant	168,338	n/a	HRA	Building Demolished, DRAP implementation underway
2001 American Blvd	0402724230020	1977	38,917	3,241	Private	Wendy's restaurant
2101 American Blvd	0402724230031	2009	28,078	2,162	Private	Sonic Restaurant
2105 American Blvd	0402724230032	n/a	15,735	n/a	HRA	Roadway construction complete, area storm water management constructed
2151 American Blvd	0402724230002	vacant	49,123	n/a	HRA	Building Demolished, DRAP implementation underway
8030 Morgan Circle	0402724230035	n/a	15,470	n/a	HRA	Roadway construction complete, area storm water management constructed
8050 Morgan Circle	0402724230034	1978	108,999	29,550	Private	Existing retail center with improved parking, lighting and stormwater
2200 West 82 <sup>nd</sup> St.	0402724230024	1969	379,311	264	City	City Water reservoir
<u>Phase II of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u> <u>(Knox and American: Redevelopment and Housing)</u>						
<u>1951 American Blvd W</u>	<u>0402724230022</u>	<u>1977</u>	<u>77,363</u>	<u>8,520</u>	<u>Private</u>	<u>Red Lobster</u>
<u>8000 Knox Ave S</u>	<u>0402724240005</u>	<u>1979</u>	<u>52,057</u>	<u>2,872</u>	<u>HRA</u>	<u>Existing building to be demolished with redevelopment activities</u>
<u>8049 Morgan Circle S</u>	<u>0402724230023</u>	<u>1977</u>	<u>129,175</u>	<u>33,439</u>	<u>Private</u>	<u>Existing building to be demolished with redevelopment activities</u>
<u>1901 American Blvd W</u>	<u>0402724240006</u>	<u>1975</u>	<u>160,774</u>	<u>32,003</u>	<u>HRA</u>	<u>Existing building to be demolished with redevelopment activities</u>
<u>2000 82<sup>nd</sup> St W</u>	<u>0402724230025</u>	<u>n/a</u>	<u>101,939</u>	<u>n/a</u>	<u>City</u>	<u>Vacant land</u>
<u>8100 Knox Ave S</u>	<u>0402724240017</u>	<u>1978</u>	<u>204,610</u>	<u>170,421</u>	<u>Private</u>	<u>Existing apartments</u>

The HRA previously owned five parcels within the Phase I Redevelopment Project as redevelopment was anticipated. Those properties have since been redeveloped and are privately owned. In conjunction with Phase II of the Penn & American Redevelopment Project (Knox and American: Redevelopment and Housing), the HRA owns two parcels. See Table I for

a list of these properties. The purpose of property acquisition is to remove the existing underutilized and blighted properties and to facilitate redevelopment of the area as set forth in the General Plan of the City and the Guiding Principles set forth by the City Council for the Penn American District as well as Development Response Action Plans (DRAPs) incorporated herein by reference.

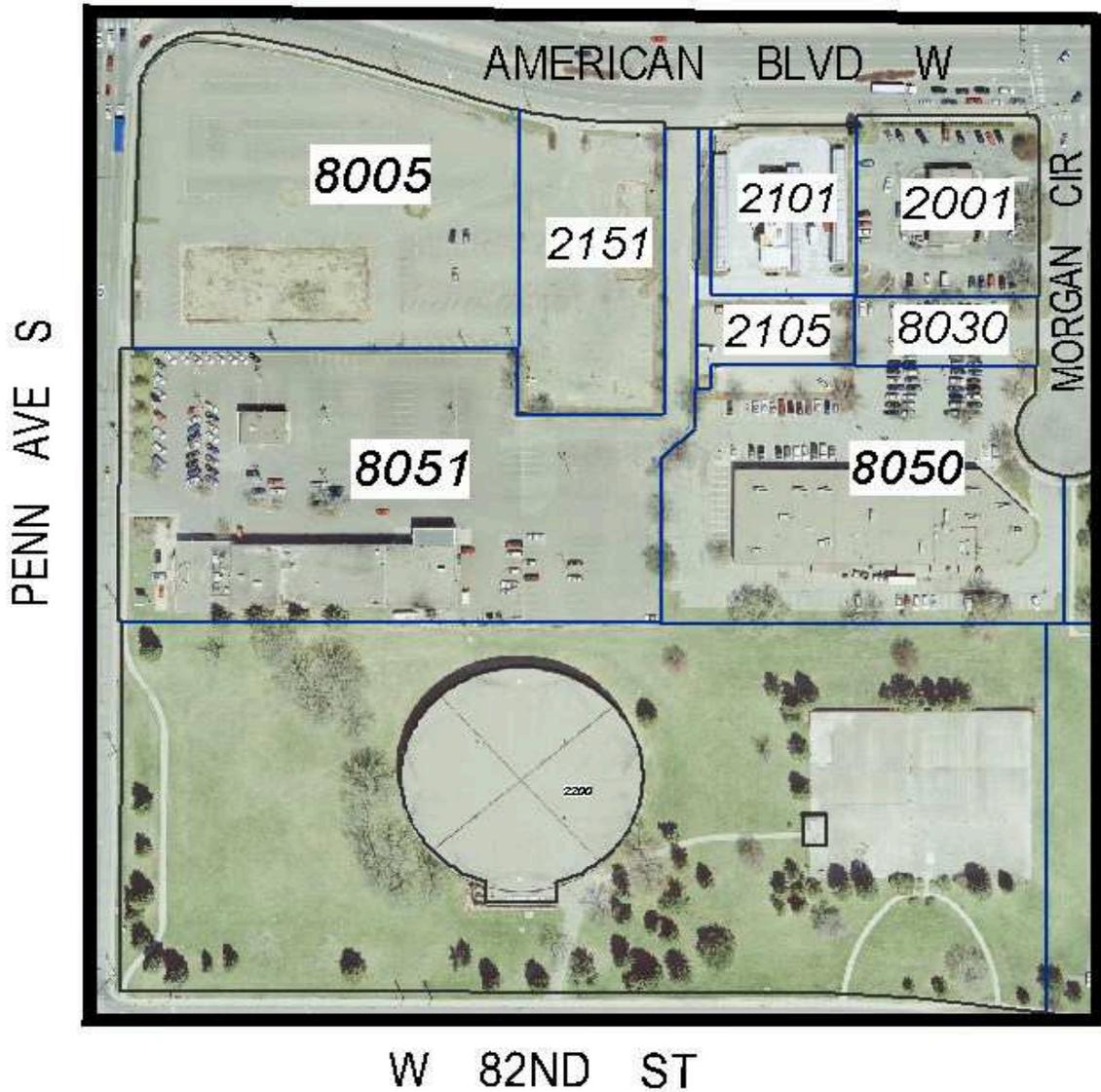
The City of Bloomington has rezoned portions of the area to C-5 zoning. This zoning provides for high-density mixed-use development including housing, office and retail uses. Specific development plans have been approved and executed for Phase I of the Redevelopment Project. General development plans have been contemplated for the parcels comprising Phase II. Details of the development are contained in subsequent sections of this document. The Comprehensive Plan for the City designates this area for Regional Commercial.

This designation allows all "General Business" and "Community Commercial" activities plus additional service and retail uses such as hotels and motels, "big box" retail, large shopping centers, hospitals, and automobile sales that require easy access from the freeway system. Office uses are allowed within this designation when integrated with a commercial use or as a standalone use. Residential uses are allowed within this designation when fully integrated with a commercial land use and allowed in the underlying zoning district.

HRA has acquired five parcels within the district and through a development agreement with United Properties removed contaminated soil and other environmental hazards within Phase I. The HRA has acquired two parcels within Phase II of the Redevelopment Project for further redevelopment opportunities comprising of both rental housing (portion as affordable) and hotel or suitable commercial/retail consistent with the Redevelopment Plan.

Portions of the infrastructure necessary for the development of Phase I have been installed. This includes utilities, sidewalk, portions of the stormwater system and roadways. Additional infrastructure is necessary and will be installed in conjunction with Phase II.

Figure II  
Aerial View  
Penn and American Phase I Project Area



Penn and American Phase II Project Area  
(Knox and American: Redevelopment and Housing)  
As Modified October 2016



## Redevelopment Plan/Land Use

The City of Bloomington has approved a preliminary and final development plan for the area shown in Figure III on the accompanying page.

The development site is split into multiple phases. The south phase will begin first. It consists of 234 market rate rental units and approximately 14,000 square feet of retail. The north phase will add an additional 35,000 square feet of retail and up to 69,000 square feet of office. Phase II of the Redevelopment Plan to be included is considered Knox and American: Redevelopment and Housing. It is planned to consist of approximately 248 apartment rental units with a portion as affordable. It is also planned to include a hotel or other commercial/retail use suitable for the redevelopment plan.

**Table II  
Summary Development**

Address	PINS	Proposed Development Activity
<u>Phase I of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u>		
8005 Penn Ave	0402724230001	Phase II – Retail office Portion Phase I – road utilities and storm water
8051 Penn Ave	0402724230016	234 units of Rental Housing, 14,000 square feet of retail, utilities, street streetscape, storm water
2001 American Blvd	0402724230020	Streetscape, new access
2101 American Blvd	0402724230031	Streetscape, new access
2105 American Blvd	0402724230032	Streetscape, street utilities
2151 American Blvd	0402724230002	Streetscape, street utilities
8030 Morgan Circle	0402724230035	Streetscape, new access, parking lot improvements
2200 West 82 <sup>nd</sup> St.	0402724230024	Street, streetscape
<u>Phase II of Redevelopment Plan for Penn &amp; American Redevelopment Project Area (Knox and American: Redevelopment and Housing)</u>		
<u>1951 American Blvd W</u>	<u>0402724230022</u>	<u>Red Lobster</u>
<u>8000 Knox Ave S</u>	<u>0402724240005</u>	<u>Hotel or suitable commercial/retail</u>
<u>8049 Morgan Circle S</u>	<u>0402724230023</u>	<u>Approximately 124 apartment units, with a portion as affordable</u>
<u>1901 American Blvd W</u>	<u>0402724240006</u>	<u>Approximately 124 apartment units, with a portion as affordable</u>
<u>2000 82<sup>nd</sup> St W</u>	<u>0402724230025</u>	<u>Vacant land</u>
<u>8100 Knox Ave S</u>	<u>0402724240017</u>	<u>Existing apartments</u>

Specific properties acquired by the HRA are listed by legal description in Exhibit A.

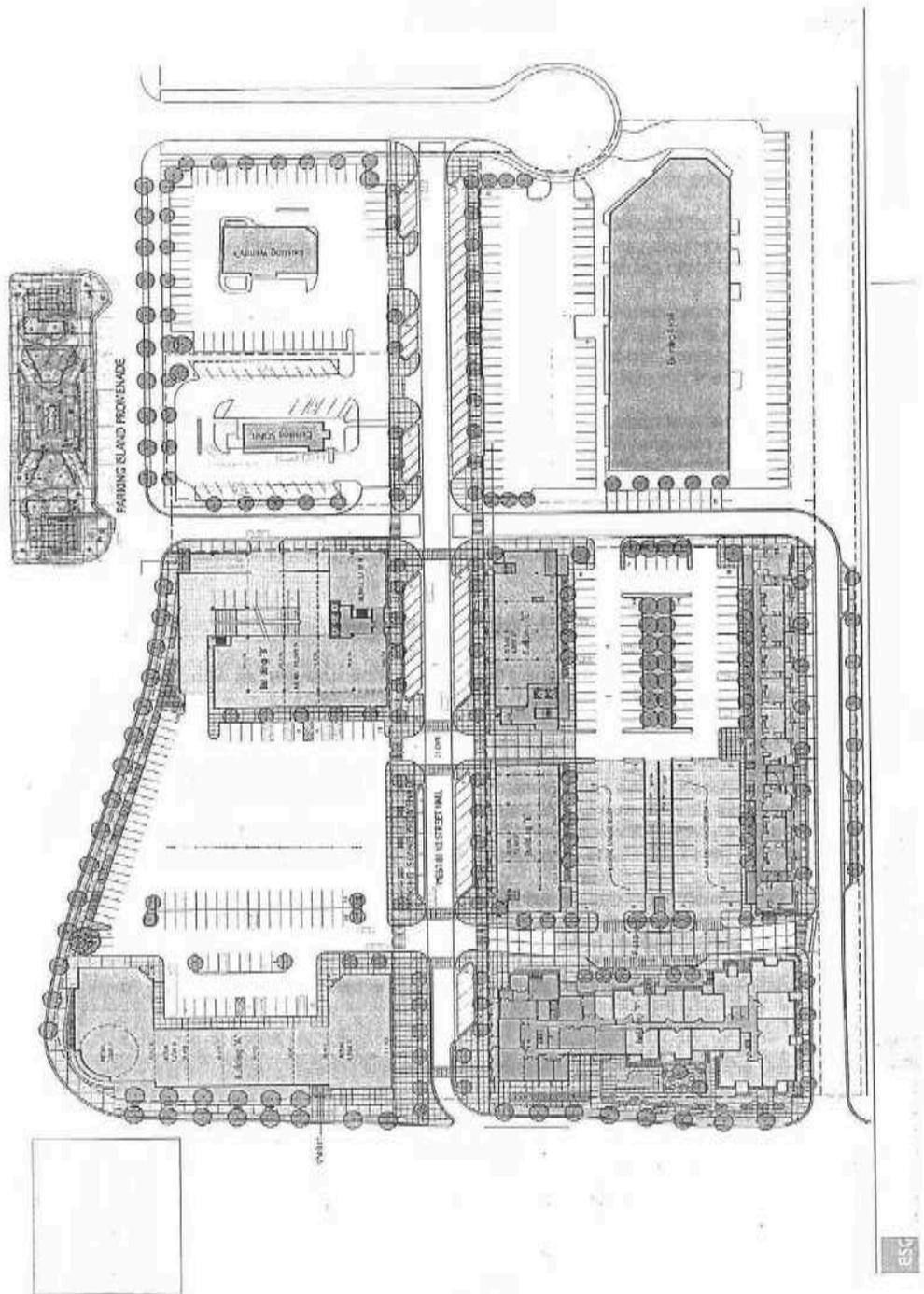
## Compliance with the City of Bloomington General Plan

The plans for the project area are in compliance with the City of Bloomington’s Comprehensive Plan (General Plan) as well as other established land use controls.

The Comprehensive Plan for the City designates this area for Regional Commercial. This designation allows all “General Business” and “Community Commercial” activities plus

additional service and retail uses that require easy access from the freeway system such as hotels and motels, "big box" retail, large shopping centers, hospitals, and automobile sales. Office uses are allowed within this designation when integrated with a commercial use or as a standalone use. Residential uses are allowed within this designation when fully integrated with a commercial land use and allowed in the underlying zoning district.

The City of Bloomington has rezoned the portions of the project area to C-5 zoning. This zoning provides for high density mixed use development including housing, office and retail uses. A specific development plan has been approved for three of the parcels. Details of the first phase development are contained in later sections of this document.



**Proposed Phase II of Penn and American Redevelopment**  
**(Knox and American: Redevelopment and Housing)**



## HRA Activities

Through the establishment of the Redevelopment Project Area and adoption of the Redevelopment Plan, the HRA intends to undertake the activities allowed under Minnesota Statute 469.002, Subd.14. These activities to be undertaken include but are not limited to the following:

1. The acquisition of blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight, specifically the acquisition including contaminated sites;
2. To clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan, specifically assistance with vacation and reconstruction of streets and development of public park;
3. To sell or lease land acquired for uses in accordance with the redevelopment plan, specifically the reconveyance of land for the purpose of construction of the retail and housing developments described in this plan; and
4. Incur initiation, planning, survey and other administrative costs of a redevelopment project, and to prepare technical and financial plans and arrangements for buildings, structures, and improvements and all other work in connection therewith.

## Need for Public Assistance

The Redevelopment Project outlined in this Plan could not be undertaken without public assistance. Reasons for public participation are described below:

- Parcels necessary for development and accompanying infrastructure are under several different ownerships.
- Two sites acquired by the HRA were occupied by buildings and had contaminated soil which impeded development. The associated costs of acquisition and demolition make it impractical for private development to implement the Redevelopment Plan without public assistance. This includes the provision of lifecycle housing and commercial development.
- Additional development requirements such as underground storage of storm water, streetscape and infrastructure such as streets, water and sewer increase development costs to a level not typical in standard development projects.
- The new construction of affordable housing for low and moderate income households limits revenues and requires additional sources of funding.

The public financial assistance required for this project is explained in the following Section.

## Finance Plan

It is the HRA's intent to use a variety of sources to finance the estimated redevelopment costs associated with this plan. These sources include but are not limited to tax increments, City and HRA redevelopment funds, state and other public funding sources, and proceeds from the sale of land. Table IV shows the estimated revenues and expenditures for the project.

**TABLE IV**  
**Project Revenues and Expenditures**  
**Penn and American Phase I**

<b>Sources of Funds</b>	
HRA Funds	\$6,500,000
Excess Tax Increment from Other Districts	\$1,000,000
Land Resale Proceeds	\$2,500,000
Tax Increment	\$4,000,000
<b>Total All Sources of Funds</b>	<b>\$14,000,000</b>
<b>Uses of Funds</b>	
Land Acquisition/Fixtures	\$11,300,000
Public Improvements	\$2,400,000
Administration, Legal, Consulting	\$20,000
Contingency	\$280,000
<b>Total Expenses</b>	<b>\$14,000,000</b>

**Penn and American Phase II**  
**Knox and American: Redevelopment and Housing**

<b>Sources of Funds</b>	
HRA Funds	\$2,000,000
Excess Tax Increment from Other Districts	\$0
Land Resale Proceeds	\$2,000,000
Tax Increment	\$0
<b>Total All Sources of Funds</b>	<b>\$4,000,000</b>
<b>Uses of Funds</b>	
Land Acquisition/Fixtures	\$4,000,000
Public Improvements	\$0
Administration, Legal, Consulting	\$0
Contingency	\$0
<b>Total Expenses</b>	<b>\$4,000,000</b>

## Exhibit A

### Legal Descriptions

Address	PINS	Legal Description
8005 Penn Ave	0402724230001	Block 1, Hays Penn Ave Addn, LOT 1 AND THAT PART OF N 1224 3/10 FT OF NW 1/4 OF SEC 4 TWN 27 R 24 LYING S OF ROAD EX ROADS SUBJECT TO HWY
8051 Penn Ave	0402724230016	Lot 1, Block 1, Hays Penn Ave 4 <sup>th</sup> Addn
2001 American Blvd	0402724230020	Lot 1, Block 1, Hays Penn Ave 5 <sup>th</sup> Addn
2101 American Blvd	0402724230031	Lot 1, Block 1, Sonic Bloomington Addn
2105 American Blvd	0402724230032	Outlot A, Sonic Bloomington Addn
2151 American Blvd	0402724230002	Lot 2, Block 1, Hays Penn Ave Addn
8030 Morgan Circle	0402724230035	Outlot A, Morgan Circle Addn
2200 West 82 <sup>nd</sup> St.	0402724230024	Lot 1, Block 1, Reservoir Park 2 <sup>nd</sup> Addn
<b><u>Phase II of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u></b>		
<u>1951 American Blvd W</u>	<u>0402724230022</u>	<u>Lot 1, Block 1, Hays Penn Ave 6<sup>th</sup> Addn</u>
<u>8000 Knox Ave S</u>	<u>0402724240005</u>	<u>Lot 1, Block 1, Hays Penn Ave 2<sup>nd</sup> Addn</u>
<u>8049 Morgan Circle S</u>	<u>0402724230023</u>	<u>Lot 2, Block 1, Hays Penn Ave 6<sup>th</sup> Addn</u>
<u>1901 American Blvd W</u>	<u>0402724240006</u>	<u>Lot 2, Block 1, Hays Penn Ave 2<sup>nd</sup> Addn</u>
<u>2000 82<sup>nd</sup> St W</u>	<u>0402724230025</u>	<u>Lot 2, Block 1, Reservoir Park 2<sup>nd</sup> Addn</u>
<u>8100 Knox Ave S</u>	<u>0402724240017</u>	<u>Lot 3, Block 1, Reservoir Park 2<sup>nd</sup> Addn</u>

**Housing and Redevelopment  
Authority in and for the City of Bloomington**

**City of Bloomington, Minnesota**

**Tax Increment Financing Plan**

for

**Knox and American Tax Increment Financing District  
(A Redevelopment District)**

**Within The Penn and American Redevelopment Project**

**Draft Dated: October 6, 2016**

**Public Hearing Scheduled: October 3, 2016**

**Approval by City Council: October 3, 2016**

**Anticipated Approval by HRA Board: October 11, 2016**

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**Section A      Definitions**

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Housing and Redevelopment Authority in and for the City of Bloomington.

"Board of Commissioners" means the Board of Commissioners of the Authority.

"City" means the City of Bloomington, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Hennepin County, Minnesota.

"HRA Act" means Minnesota Statutes, sections 469.001 to 469.047, inclusive, as amended.

"Redevelopment Plan" means the Penn and American Redevelopment Plan for the Redevelopment Project.

"Redevelopment Project" means the Penn and American Redevelopment Project which is described in the corresponding Redevelopment Plan.

"Project Area" means the geographic area of the Redevelopment Project.

"School District" means Independent School District No. 271, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Knox and American Tax Increment Financing District, a Redevelopment district.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

**Section B      Overview**

The City has adopted the Penn and American Redevelopment Plan (Plan). The purpose of the Plan is to establish a framework and implementation plan for the redevelopment of the area bounded by Penn Avenue on the west, American Boulevard on the north, Knox Avenue South on the east and 82<sup>nd</sup> Street on the south (Project Area). The boundaries of the Project Area are being modified in conjunction with the proposed establishment of the TIF District to incorporate the newly expanded area.

The establishment of the Tax Increment District as set forth in this TIF Plan is for the purpose of the implementation of the objectives set forth in the Redevelopment Plan attached herein as Exhibit VI.

**Section C      Statutory Authorization**

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under Minnesota Statutes, Sections 469.001 to 469.047, or other law.

It is the intention of the Board of Commissioners, notwithstanding the enumeration of specific goals and objectives in the Penn and American Redevelopment Plan, that the Authority shall have and enjoy with respect to the Project Area

and Tax Increment Financing District the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act, municipal housing and redevelopment authority laws, and such other legal authority as the Authority may have or enjoy from time to time.

**Section D Statement of Need and Public Purpose**

The Authority and the City concur that there is a need for redevelopment within the City and the Redevelopment Project Area in order to eliminate blight, provide employment and life cycle housing opportunities, to improve the local tax base, and to improve the general economy of the City and the State.

The Authority finds that the property within this tax increment district cannot be redeveloped, consistent with the Comprehensive Plan of the City, without public participation and financial assistance in various forms including property acquisition and/or write-down, proper planning, the financing of redevelopment costs associated with clearance, grading and soils correction, and the making of various other public and private improvements necessary for redevelopment. In cases where the redevelopment of property cannot be done by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such redevelopment.

**Section E Statement of Objectives**

The Authority seeks to achieve, through the use of Tax Increment, one or more of the following objectives with respect to the Redevelopment Project and Project Area, as the Authority may deem appropriate and necessary.

(1) To promote and secure the prompt redevelopment of property within the Project Area, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan of the City, thus realizing Comprehensive Plan, land use, and tax base goals.

(2) To acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight.

(3) To assist development in the Project Area through the acquisition or write-down of certain interests in property which is not now in productive use or in its highest and best use, to make or defray the cost of soil corrections or site improvements on said property, and to construct or reimburse for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.

(4) To secure the increase and availability of life cycle housing for individuals and families within the Project Area.

(5) To secure the increase of commercial and residential property subject to taxation within the Project Area.

(6) To promote and secure additional employment opportunities within the City through the creation of construction and permanent jobs.

(7) To employ any of the powers of the Authority for the benefit of the Project Area in such cases and upon such terms as the Authority may deem appropriate.

**Section F Boundaries of the Project Area and Tax Increment District**

The property within the City which constitutes the Project Area and Tax Increment Financing district includes the property contained within the boundaries described below and is illustrated on the maps attached as Exhibit I.

The Project Area is bounded by Penn Avenue on the west, American Boulevard on the north, Knox Boulevard on the east and 82<sup>nd</sup> Street on the south. The Tax Increment District includes the two tax parcels within the Project Area as shown on the attached map (Exhibit I). The City and Authority reserve the right to expand the boundaries of the Project Area in the future and intend to modify the boundaries with the establishment of the TIF District.

**Section G      Designation of Tax Increment Financing District as a  
                         Redevelopment District**

Redevelopment districts are a type of tax increment financing district in which one or more of the following conditions exists and is reasonably distributed throughout the district:

- (1) parcels comprising at least 70% of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50% of the buildings, not including outbuildings, are structurally substandard requiring substantial renovation or clearance. A parcel is deemed "occupied" if at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad right-of-ways; or
- (3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:
  - (i) have or had a capacity of more than 1,000,000 gallons;
  - (ii) are located adjacent to rail facilities; and
  - (iii) have been removed or are unused, underused, inappropriately used, or infrequently used.

For districts consisting of two or more noncontiguous areas, each area must individually qualify under the provisions listed above, as well as the entire area must also qualify as a whole.

The TIF District qualifies as a redevelopment district in that it meets all of the criteria listed in (1) above. The supporting facts and documentation for this determination will be retained by the Authority for the life of the TIF District and are available to the public upon request. An analysis was completed by LHB to make this determination and is included as Exhibit VI.

"Structurally substandard" is defined as buildings containing defects or deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection (including egress), layout and condition of interior partitions, or similar factors. Generally, a building is not structurally substandard if it is in compliance with the building code applicable to a new building, or could be modified to satisfy the existing code at a cost of less than 15% of the cost of constructing a new structure of the same size and type.

A city may not find that a building is structurally substandard without an interior inspection, unless it can not gain access to the property and there exists evidence which supports the structurally substandard finding. Such evidence includes recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained. A parcel is deemed to be occupied by a structurally substandard building if the following conditions are met:

- (1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the district;
- (2) the demolition or removal of the substandard building was performed or financed by the Authority, or was performed by a developer under a development agreement with the Authority;

- (3) the Authority found by resolution before such demolition or removal occurred that the building was structurally substandard and that the Authority intended to include the parcel in the TIF district, and
- (4) the Authority notifies the county auditor that the original tax capacity of the parcel must be adjusted upon filing the request for certification of the tax capacity of the parcel as part of a district.

In the case of (4) above, the County Auditor shall certify the original net tax capacity of the parcel to be the greater of (a) the current tax capacity of the parcel, or (b) a computed tax capacity of the parcel using the estimated market value of the parcel for the year in which the demolition or removal occurred, and the appropriate classification rate(s) for the current year.

At least 90 percent of the tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of land, removal of hazardous substances or remediation necessary to develop the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the Authority may be included in the qualifying costs.

**Section H            Duration of the TIF District**

Redevelopment districts may remain in existence 25 years from the date of receipt by the Authority of the first tax increment. Modifications of this plan (see Section AB) shall not extend these limitations.

Pursuant to Minnesota Statutes, Section 469.175, subd. 1(b), the Authority specifies 2020 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority may collect increment from the district through December 31, 2045, and anticipates that the TIF District may be active for the maximum duration allowed. However the Authority will decertify the TIF District as early as possible should the projected increment be received in a shorter time period than originally projected. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

**Section I            Property to be Included in the TIF District**

The TIF District comprises a portion of 4 parcels with one containing a substandard building to be demolished. The total area of the TIF district also includes adjacent streets and right-of-way located within the Project Area. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

<b>Parcel Number</b>	<b>Legal Description</b>
04-027-24-24-0005	HAYS PENN AVENUE 2ND ADDITION, LOT 1, BLOCK 1
04-027-24-24-0006 *	HAYS PENN AVENUE 2ND ADDITION, LOT 2, BLOCK 1
04-027-24-23-0022 *	HAYS PENN AVENUE 6 <sup>th</sup> ADDITION, LOT 1, BLOCK 1
04-027-24-23-0023 *	HAYS PENN AVENUE 6 <sup>th</sup> ADDITION, LOT 2, BLOCK 1

*\* the parcels listed above will be replatted prior to redevelopment and a portion of the properties will be included within the boundaries of the TIF District.*

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

**Section J Property to be Acquired in the TIF District**

The Authority has acquired a portion of the property to be located within the TIF District and intends to sell the property to a private party upon an approved redevelopment project, as described in the TIF Plan.

**Section K Specific Development Expected to Occur Within the TIF District**

The proposed project includes the redevelopment of property within the City that consists of a blighted building that has been found to be substandard and will be demolished to allow for new development to occur. Redevelopment plans for the site include the removal of the existing blighted structure, construction of new infrastructure and other necessary public improvements and subsequent new development of a commercial or retail building with parking. The current plan includes the construction of a hotel but is subject to change pending market support. The Authority has identified significant costs, including infrastructure and public improvements, associated with redevelopment of the project site that are deemed necessary for the project to proceed. The Authority anticipates providing financial assistance for the costs associated with redevelopment of the property and also to finance certain public improvements related to the development project. The Authority may also use available tax increment revenues to finance a portion of the eligible related administrative expenses.

Demolition and subsequent construction of the new development on the project site is projected to start in 2017 or 2018. The project is expected to be fully constructed by December 31, 2018, and be 100% assessed and on the tax rolls as of January 2, 2019 for taxes payable 2020.

**Section L Findings and Need for Tax Increment Financing**

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a redevelopment district;

The Authority hired LHB to inspect and evaluate the property within the proposed Tax Increment Financing District to be established by the Authority. The purpose of the evaluation was to determine if the proposed district met the statutory requirements for coverage and if the buildings met the qualifications required for a Redevelopment District.

A final report was prepared for the Authority to retain on file in City offices for public inspection and is included as Exhibit VI. The report contains the details of the findings summarized below regarding the substandard qualifications:

- The TIF District consists of all parcels that are occupied so 100 percent of the area of the proposed TIF District is occupied (exceeding the 70 percent coverage test);
- 100 percent (1 of 1) of the buildings in the proposed District contain code deficiencies exceeding the 15 percent threshold;
- at least 50 percent of the buildings are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance, exceeding the more than 50 percent substandard test; and

- The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District.
- (2) The proposed redevelopment, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan.

**Factual basis:**

*Proposed development not expected to occur:*

The proposed project consists of the redevelopment of property within the City that consists of a blighted property that was found to be substandard and will be demolished following establishment of the district. The Authority has identified significant and extraordinary costs including public improvements and infrastructure needs associated with redevelopment of the project site in conjunction with new development. The estimated total redevelopment costs, including the public improvements and infrastructure costs, of this property make the total cost of this effort significantly higher than costs reasonably incurred for similar developments on a clean site. The City's finding that the proposed redevelopment would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the proforma and other materials submitted by the developer. As necessary, the City anticipates analyzing future developer's proformas in detail to determine the minimal amount of assistance needed to compensate developers for extraordinary and allowable costs.

*No higher market value expected:*

If the proposed redevelopment did not go forward, for the same reasons described above, no significant alternative redevelopment of the proposed TIF area would occur. The former building was closed and vacated and is in an area prone to flooding, and it is highly unlikely that significant improvements would be made on the vacant property site without financial assistance. In short, there is no basis for expectation that the area would redevelop or be renovated in any significant way purely by private action without public subsidy.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is anywhere from \$0 to some modest amount based on small scale renovation or redevelopment that could be possible without assistance; any estimated values would be too speculative to ascertain.
- b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$19,939,391, including the value of the building (See Exhibit V).
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$3,094,406 (See Exhibit V).
- d. Even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than \$16,844,985 (the amount in clause b less the amount in clause c) without tax increment assistance.

- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise.

**Factual basis:**

The anticipated redevelopment of the project site and any subsequent demolition, reconstruction, or renovation related to the project will remain consistent with the City's design goals.

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

**Factual basis:** The City Council has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

- (5) The Authority elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(b) (see method (b) in Section R).

**Section M Estimated Public Costs**

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Land/Building acquisition	\$2,000,000
Site improvement/preparation costs	\$1,100,000
Utilities	\$0
Other public improvements	\$2,618,806
Interest expenses	\$0
Administrative expenses	\$295,728
<b>Total</b>	<b>\$6,014,534</b>

The Authority anticipates using tax increment to the extent available to finance site improvement/preparation costs, public improvement infrastructure costs, land acquisition and related administrative expenses, and other TIF-eligible expenditures as deemed necessary and related to redevelopment of the project site.

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$6,014,534) is not increased. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

**Section N Estimated Sources of Revenue**

Tax Increment revenue	\$5,914,534
Interest on invested funds	\$100,000
Other	<u>\$0</u>
<b>Total</b>	<b>\$6,014,534</b>

The Authority anticipates providing financial assistance on a pay-as-you-go basis for site improvement and infrastructure costs, as well as other TIF-eligible expenses related to the proposed development. As tax increments

are collected from the TIF District in future years, a portion of these taxes will be used by the Authority to reimburse the developer/owner for public costs incurred (see Section M). The Authority also anticipates retaining the remaining increment to finance additional needed public improvement costs and reimburse for land costs incurred through bond issuance. A portion of the tax increment will be retained to make debt service payments.

The Authority reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

**Section O Estimated Amount of Bonded Indebtedness**

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$6,014,534. The Authority currently plans to finance the public improvements in the form of a pay-as-you go revenue note as reimbursement to the developer for certain redevelopment costs, but also anticipates retaining a portion of the increment to repay debt service on TIF bonds issued in conjunction with the project. The Authority reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

**Section P Original Net Tax Capacity**

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2016, for taxes payable in 2017, is \$2,307,000 based on estimated land value of \$22/square foot. Upon establishment of the district and subsequent reclassification of property, the estimated original net tax capacity of the TIF District is expected to be \$46,140. This assumes the property is reclassified from tax exempt to taxable with commercial use.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

**Section Q Original Tax Capacity Rate**

The County Auditor shall also certify the original local tax rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original local tax rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2016 and payable in 2017, is not available at the time of drafting of this document. The County Auditor shall certify the amount for taxes payable 2017 as the original tax capacity rate of the TIF District once available. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2015 and payable in 2016, is 126.282% as shown below.

<u>Taxing Jurisdiction</u>	<u>2015/2016 Local Tax Rate</u>
City of Bloomington	45.909%
Hennepin County	45.356%
ISD #271	24.254%
Other	<u>10.763%</u>
Total	126.282%

**Section R      Projected Retained Captured Net Tax Capacity and  
Projected Tax Increment**

The Authority anticipates that the redevelopment will be completed by December 31, 2018, creating a total tax capacity for the TIF District of \$211,750 as of January 2, 2019. The captured tax capacity as of that date is estimated to be \$111,632 and the first full year of increment is projected to be in \$140,971 in taxes payable 2020. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF plan assume that residential rental class rates remain at 1.25% of the estimated market value, and assume 3% annual increases in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was certified) times the appropriate fiscal disparity ratio. The method the Authority elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. The Authority elects method (b).

The County Auditor shall certify to the Authority the amount of captured net tax capacity each year. The Authority may choose to retain any or all of this amount. It is the Authority's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

**Section S      Use of Tax Increment**

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of

financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section M) and County administrative costs associated with the TIF District (see Section V);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

#### **Section T      Excess Tax Increment**

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the Authority shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

**Section U Tax Increment Pooling and the Five Year Rule**

At least 75% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section G for additional restrictions). No more than 25% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 75% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority anticipates that tax increments may be spent outside the TIF District (including allowable administrative expenses), and such expenditures are expressly authorized in this TIF Plan.

**Section V Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the Authority other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

**Section W      Limitation on Property Not Subject to Improvements - Four Year Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

**Section X      Estimated Impact on Other Taxing Jurisdictions**

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$5,935,902.
2. To the extent the project in the TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City anticipates issuing general obligation tax increment bonds, and also reserves the right to the use of internal financing or pay-as-you-go reimbursement financing, as necessary, to finance a portion of the project costs attributable to the District.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$1,140,062.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$2,131,964.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

**Section Y      Prior Planned Improvements**

The Authority shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months

immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

**Section Z      Development Agreements**

If within a project containing a redevelopment district, more than 25% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

The Authority has entered into an agreement for development and has acquired property directly in conjunction with redevelopment as proposed within the district.

**Section AA      Assessment Agreements**

The Authority may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The Authority anticipates entering into an assessment agreement.

**Section AB      Modifications of the Tax Increment Financing Plan**

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; a determination to capitalize interest on the debt if that determination was not part of the original TIF Plan, increase in the portion of the captured net tax capacity to be retained by the Authority; increase in the total estimated public costs; or designation of property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the Authority agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

**Section AC Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the Authority shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The Authority shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

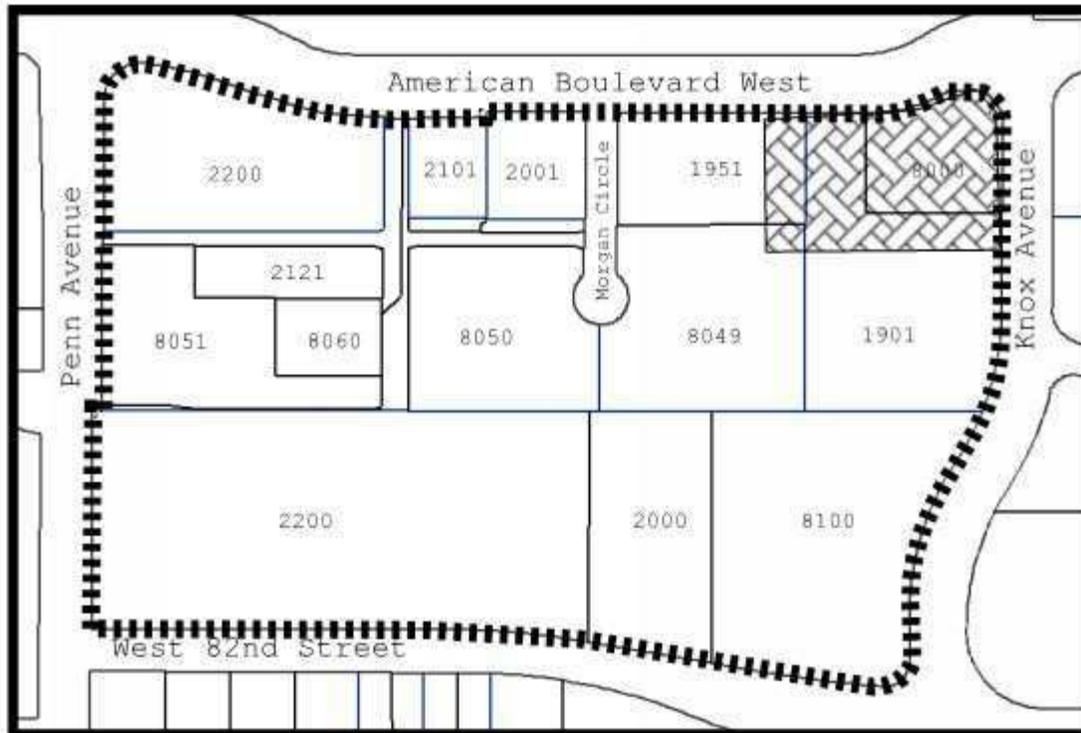
- (1) prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
  - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
  - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
  - (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the original net tax capacity of the TIF District.

**Section AD Filing TIF Plan, Financial Reporting and Disclosure Requirements**

The Authority will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The Authority will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

MAP OF PROPOSED TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT  
WITHIN PENN AND AMERICAN REDEVELOPMENT PROJECT



———— Penn American Redevelopment Project Area

▨ Penn American Redevelopment TIF District



**Projected Tax Increment Report**

**Housing and Redevelopment Authority of and for the City of Bloomington, Minnesota  
 Tax Increment Financing (Redevelopment) District  
 Knox & American: Proposed Commercial/Retail Redevelopment  
 Draft TIF Plan Exhibits: Based on 125 room hotel with \$85k/unit total \$10.625M**

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Less: Fiscal Disp. @ 32.5935% (5)	Retained Captured Net Tax Capacity (6)	Times: Tax Capacity Rate (4) (7)	Annual Gross Tax Increment (8)	Less: State Aud. Deduction 0.360% (9)	Subtotal Net Tax Increment (10)	Less: Admin. Retainage 5.00% (11)	Annual Net Revenue (12)	P.V. Annual Net Rev. To 06/30/17 4.00% (13)
12/31/17	2,307,000	46,140	46,140	0	0	126.282%	0	0	0	0	0	0
12/31/18	2,307,000	46,140	46,140	0	0	126.282%	0	0	0	0	0	0
12/31/19	2,307,000	46,140	46,140	0	0	126.282%	0	0	0	0	0	0
12/31/20	10,625,000	211,750	46,140	53,978	111,632	126.282%	140,971	507	140,464	7,023	133,441	109,679
12/31/21	10,943,750	218,125	46,140	56,056	115,929	126.282%	146,398	527	145,871	7,294	138,577	109,519
12/31/22	11,272,063	224,691	46,140	58,196	120,355	126.282%	151,987	547	151,440	7,572	143,868	109,328
12/31/23	11,610,224	231,454	46,140	60,400	124,914	126.282%	157,744	568	157,176	7,859	149,317	109,104
12/31/24	11,958,531	238,421	46,140	62,671	129,610	126.282%	163,674	589	163,085	8,154	154,931	108,852
12/31/25	12,317,287	245,596	46,140	65,010	134,446	126.282%	169,781	611	169,170	8,459	160,711	108,571
12/31/26	12,686,806	252,986	46,140	67,418	139,428	126.282%	176,072	634	175,438	8,772	166,666	108,263
12/31/27	13,067,410	260,598	46,140	69,899	144,559	126.282%	182,552	657	181,895	9,095	172,800	107,930
12/31/28	13,459,432	268,439	46,140	72,455	149,844	126.282%	189,226	681	188,545	9,427	179,118	107,574
12/31/29	13,863,215	276,514	46,140	75,087	155,287	126.282%	196,100	706	195,394	9,770	185,624	107,193
12/31/30	14,279,112	284,832	46,140	77,798	160,894	126.282%	203,180	731	202,449	10,122	192,327	106,792
12/31/31	14,707,485	293,400	46,140	80,591	166,669	126.282%	210,473	758	209,715	10,486	199,229	106,370
12/31/32	15,148,709	302,224	46,140	83,467	172,617	126.282%	217,985	785	217,200	10,860	206,340	105,929
12/31/33	15,603,171	311,313	46,140	86,429	178,744	126.282%	225,722	813	224,909	11,245	213,664	105,471
12/31/34	16,071,266	320,675	46,140	89,481	185,055	126.282%	233,691	841	232,850	11,643	221,207	104,994
12/31/35	16,553,404	330,318	46,140	92,624	191,554	126.282%	241,899	871	241,028	12,051	228,977	104,502
12/31/36	17,050,006	340,250	46,140	95,861	198,249	126.282%	250,353	901	249,452	12,473	236,979	103,994
12/31/37	17,561,506	350,480	46,140	99,195	205,145	126.282%	259,061	933	258,128	12,906	245,222	103,473
12/31/38	18,088,351	361,017	46,140	102,629	212,248	126.282%	268,030	965	267,065	13,353	253,712	102,938
12/31/39	18,631,002	371,870	46,140	106,167	219,563	126.282%	277,269	998	276,271	13,814	262,457	102,390
12/31/40	19,189,932	383,049	46,140	109,810	227,098	126.282%	286,784	1,032	285,752	14,288	271,464	101,831
12/31/41	19,765,630	394,563	46,140	113,563	234,859	126.282%	296,585	1,068	295,517	14,776	280,741	101,260
12/31/42	20,358,599	406,422	46,140	117,429	242,853	126.282%	306,680	1,104	305,576	15,279	290,297	100,680
12/31/43	20,969,357	418,637	46,140	121,410	251,087	126.282%	317,078	1,141	315,937	15,797	300,140	100,090
12/31/44	21,598,437	431,219	46,140	125,511	259,568	126.282%	327,788	1,180	326,608	16,330	310,278	99,491
12/31/45	22,246,391	444,178	46,140	129,734	268,303	126.282%	338,819	1,220	337,599	16,880	320,719	98,884
							\$5,935,902	\$21,368	\$5,914,534	\$295,728	\$5,618,806	\$2,735,102

\* election to delay receipt of first increment until taxes payable 2020 (maximum delay per current statutory requirements)

(1) Total estimated market value based on information provided by assessing (125 room hotel at \$85,000 per room) for a total of \$10,625,000 and 3% annual market value inflator

(2) Total net tax capacity based on commercial-industrial class rates of 1.5% up to \$150,000 of value and 2% for value above \$150,000.

(3) Original net tax capacity value based on estimates provided by assessing of \$22/SF for land, based on site being tax-exempt until redevelopment occurs

(4) Total local combined tax rate for taxes payable 2016

**Estimated Impact on Other Taxing Jurisdictions Report**

**Housing and Redevelopment Authority of and for the City of Bloomington, Minnesota  
 Tax Increment Financing (Redevelopment) District  
 Knox & American: Proposed Commercial/Retail Redevelopment  
 Draft TIF Plan Exhibits: Based on 125 room hotel with \$85k/unit total \$10.625M**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2015/2016 Taxable Net Tax Capacity (1)	2015/2016 Local Tax Rate	2015/2016 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Bloomington	110,961,044	45.909%	110,961,044	\$268,303	111,229,347	45.798%	0.111%	122,878
Hennepin County	1,466,181,043	45.356%	1,466,181,043	268,303	1,466,449,346	45.348%	0.008%	121,669
ISD #271	108,990,396	24.254%	108,990,396	268,303	109,258,699	24.194%	0.060%	64,914
Other (2)	---	10.763%	---	268,303	---	10.763%	---	---
Totals		126.282%				126.103%	0.179%	

**\* Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.179% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

- (1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.
- (2) The impact on these taxing jurisdictions has not been calculated. They represent 8.52% of the total tax rate.

**Market Value Analysis Report**

**Housing & Redevelopment Authority of and for the City of Bloomington, MN  
 Tax Increment Financing (Redevelopment) District  
 Knox & American: Proposed Commercial/Retail Redevelopment  
 Draft TIF Plan Exhibits: Based on 125 room hotel with \$85k/unit total \$10.625M**

<u>Assumptions</u>			
Present Value Date			06/30/17
P.V. Rate - Gross T.I.			4.00%
Increase in EMV With TIF District			\$19,939,391
Less: P.V of Gross Tax Increment			<u>3,094,406</u>
Subtotal			\$16,844,985
Less: Increase in EMV Without TIF			<u>0</u>
Difference			\$16,844,985
	Year	Annual Gross Tax Increment	Present Value @ 4.00%
1	2020	140,971	124,086
2	2021	146,398	123,907
3	2022	151,987	123,690
4	2023	157,744	123,438
5	2024	163,674	123,152
6	2025	169,781	122,833
7	2026	176,072	122,485
8	2027	182,552	122,109
9	2028	189,226	121,705
10	2029	196,100	121,275
11	2030	203,180	120,821
12	2031	210,473	120,344
13	2032	217,985	119,845
14	2033	225,722	119,326
15	2034	233,691	118,787
16	2035	241,899	118,230
17	2036	250,353	117,656
18	2037	259,061	117,066
19	2038	268,030	116,460
20	2039	277,269	115,841
21	2040	286,784	115,208
22	2041	296,585	114,563
23	2042	306,680	113,906
24	2043	317,078	113,238
25	2044	327,788	112,561
26	2045	<u>338,819</u>	<u>111,874</u>
		\$5,935,902	\$3,094,406

**Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment  
Financing District as a Redevelopment District**

**Penn and American Redevelopment Plan**

# HRA Agenda Item



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Originator Housing and Redevelopment Authority	Item <b>Modification of Penn American Redevelopment Project Area and approval of Knox and American Housing TIF District and Plan</b>
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Date  
10/11/2016

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## Description

The Bloomington Housing and Redevelopment Authority Board of Commissioners will consider approval of the attached resolution:

- Approving a modification of the boundaries of the Penn and American Redevelopment Project;
- approving a modification of the Redevelopment Plan;
- establishing the Knox and American Tax Increment Financing District (a Housing District), and approving a Tax Increment Financing Plan

The Bloomington Housing and Redevelopment Authority is working with Stuart Co and United Properties to redevelop the properties at 1901 American Boulevard South and 8849 Morgan Circle South in the Penn American District in Bloomington. The developers are seeking to construct approximately 248 units of rental housing on the sites ("Knox & American"), in which a minimum of 20% of the units will be designated for households who with incomes at 50% of area median income or below.

The HRA is requesting the creation of the TIF district to assist in the project financing. The development has a financing gap of \$18.5 million, and the Housing TIF district is projected to provide \$5 million (present value) to cover a portion of the gap. The remainder of the gap financing will be made up through external funding sources, including the Metropolitan Council, the Minnesota Housing Finance Agency, the Bloomington HRA, and the developers. The TIF district will not be certified until all project financing is in place.

The Bloomington City Council approved the Housing TIF District and Plan on Monday, October 3, 2016.

The project will not move forward without the creation of the Housing Tax Increment Financing (TIF) district. Financial assistance is needed due to:

1. The limited revenue from the affordable units
2. The market rate units will have rent structures at approximately \$1.50/sq. ft., which are significantly less than most new construction market rate rentals (\$1.80/sf. ft. - \$2.00+/sq. ft.)
3. Infrastructure costs, including structured underground parking, storm water management, and the construction of a new street
4. The redevelopment of the site, including demolition of existing buildings

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## Requested Action

A resolution approving a modification of the boundaries of the Penn and American Redevelopment Project; approving a modification of the Redevelopment Plan; establishing the Knox and American Tax Increment Financing District (a Housing District); and approving a Tax Increment Financing Plan.

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## Attachments:

Resolution  
Modified Redevelopment Plan  
Housing TIF Plan

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION APPROVING A MODIFICATION OF THE BOUNDARIES OF THE PENN AND AMERICAN REDEVELOPMENT PROJECT; APPROVING A MODIFICATION OF THE REDEVELOPMENT PLAN THEREFOR; ESTABLISHING THE KNOX AND AMERICAN TAX INCREMENT FINANCING DISTRICT (A HOUSING DISTRICT); AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR**

*WHEREAS*, the Housing and Redevelopment Authority in and for the City of Bloomington (the “Authority”) is a housing and redevelopment authority within the meaning of Minnesota Statutes, Sections 469.001 through 469.047, as amended (the “HRA Act”); and

*WHEREAS*, the City of Bloomington (the “City”) and the Authority previously created the Penn and American Redevelopment Project (the “Project”) within the City and adopted the Penn and American Phase I Redevelopment Plan, as heretofore amended (the “Redevelopment Plan”), to encourage the redevelopment of the area bounded by Penn Avenue on the west, American Boulevard on the north, Morgan Circle on the east, and 82<sup>nd</sup> Street on the south in the City (the “Project Area”); and

*WHEREAS*, the City and the Authority have determined to modify the Redevelopment Plan for the Project and approve a tax increment financing plan (the “TIF Plan”) relating to the creation of a new tax increment financing district within the Project designated as the Knox and American Tax Increment Financing District (a Housing District) (the “Housing TIF District”), pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and Minnesota Statutes, Sections 469.174 through 469.1974, as amended (the “TIF Act”), all as described in a plan document presented to the Board of Commissioners of the Authority on the date hereof; and

*WHEREAS*, the purpose of the proposed Housing TIF District is to facilitate the development of approximately 250 units of affordable housing in the City; and

**WHEREAS**, the City and the Authority have determined to consider an additional modification of the Redevelopment Plan to expand the boundaries of the Project Area, such that the Project Area will be bounded by Knox Boulevard on the east; and

**WHEREAS**, pursuant to Section 469.175, subdivision 2a of the TIF Act, written notice of the proposed Housing TIF District was timely delivered to the commissioner of Hennepin County, Minnesota (the “County”) who represents the area to be included in the proposed Housing TIF District; and

**WHEREAS**, pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed TIF Plan and the estimates of the fiscal and economic implications of the TIF Plan were presented to the School Board of Independent School District No. 271 and to the Board of Commissioners of the County at least thirty (30) days prior to the public hearing required in Section 469.175, subdivision 3 of the TIF Act; and

**WHEREAS**, on October 3, 2016, the City Council conducted a duly noticed public relating to the modified Redevelopment Plan, the expansion of the boundaries of the Project Area, the TIF Plan, and the establishment of the Housing TIF District, at which public hearing the views of all interested parties were heard; and

***NOW THEREFORE BE IT RESOLVED BY THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BLOOMINGTON*** that, based upon the foregoing,

1. The expansion of the boundaries of the Project Area and the modification to the Redevelopment Plan therefor are hereby approved.
2. The creation of the Housing TIF District and the TIF Plan therefor are hereby approved.

3. The Board of Commissioners of the Authority authorizes and directs the Administrator of the Authority to file a request for certification of the Housing TIF District with the County Auditor and to file a copy of the TIF Plan and the Redevelopment Plan, as modified, with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act.

Passed and adopted this 11<sup>th</sup> day of October, 2016.

\_\_\_\_\_  
HRA Chair

ATTEST:

\_\_\_\_\_  
Secretary to the HRA

**Housing and Redevelopment  
Authority in and for the City of Bloomington**

**City of Bloomington, Minnesota**

**Modified Redevelopment Plan**

**for**

**Penn and American Redevelopment Project Area**

**Draft Dated: October 6, 2016**

**Public Hearing Scheduled: October 3, 2016**

**Approval by City Council: October 3, 2016**

**Anticipated Approval by HRA Board: October 11, 2016**

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# **Penn and American Redevelopment Plan as Modified October 2016**

## **Introduction**

In 2008, the Bloomington City Council identified the area located in and around Penn Avenue and American Boulevard as a key area for future redevelopment. The HRA established the Penn and American TIF District on March 21, 2011, as well as the Penn and American Redevelopment Project, to facilitate financing as outlined in the redevelopment plan. The area and projects comprising the first phases of redevelopment have been identified as Penn and American Phase I. The district plan has evolved with future phase planning beyond the area initially identified. In 2014, the City Council approved a district plan for the area (“Penn American District Plan”) that will also comprise the area to be included in Phase II of the Penn and American Redevelopment Project (and referenced as Knox and American: Redevelopment and Housing). The original and updated district plan has been developed based on the following “Guiding Principles”:

- Gradually redevelop Bloomington’s outdated strip centers at key locations and integrate into higher density mixed-use districts.
- Drive future value for district stakeholders within a flexible master plan that allows for phased and incremental redevelopment while respecting existing land uses.
- Promote a range of transportation options (multimodal) that take advantage of the Penn and American district location at the intersection of I-494 and I-35W and American Boulevard.
- Provide a mix of market-driven uses including retail, office, residential, hospitality, entertainment, and civic within a flexible district plan that encourages higher densities and transit use.
- Establish a clear design plan for streets, blocks, parks, squares and open space that creates a vibrant sense of place while supporting a variety of private and civic land uses.
- Create a clear plan flexible enough to adapt to cyclical market conditions, land uses and densities.
- Incorporate high quality architecture around landscaped streets, parks, squares and other pedestrian amenity spaces.
- Create a district plan that connects and transitions appropriately to the surrounding site in terms of building locations and size, density, transportation and pedestrian linkages.
- Create a district plan that fits within the overall local and municipal infrastructure system of transportation, stormwater management, utilities, pedestrian movement and other key systems.
- Redevelop the district utilizing sustainable site planning and infrastructure practices as well as green building practices where appropriate.

At the direction of the City and within the concept set forth in the “Guiding Principles,” the Bloomington Housing and Redevelopment Authority studied the area identified in this document and the Penn American District Plan and determined that the area is appropriate for redevelopment. On March 21, 2011, the Penn and American Redevelopment Plan Phase I was approved. The HRA commenced the first phases of a redevelopment project as provided for under Minnesota Statutes 469.002, Subd.14 within the Project Area shown in Figure 1. The HRA, through the adoption of this plan, has or intends to:

- Acquire blighted areas and other real property for the purpose of removing, preventing or reducing blight, blighting factors or the causes of blight;
- Clear areas acquired and install, construct or reconstruct streets, utilities, and site improvements; and
- Sell land for uses set forth in this redevelopment plan including the development of new retail uses and housing.

The Council has adopted in the “General Plan” of the City and the Penn and American Redevelopment Plan a vision to encourage redevelopment which emphasizes a mix of uses in a compact, multi-modal pedestrian and transit oriented environment.

The HRA has determined that without its participation and public assistance, the project area could not be assembled and developed in a manner consistent with the general plans of the City of Bloomington or the Guiding Principles and vision established for the area. This Redevelopment Plan is established under Minnesota Statutes 469.027.

The Penn and American Phase I and Phase II Redevelopment Plan describes the Project Area, the existing conditions, development plans for the Project Area, how the Plan addresses the goals set forth in the City of Bloomington’s General Plan as well as specific principles established for this area, anticipated public involvement, the need for public assistance and the method of financing publicly assisted activities.

## Definitions

For purposes of this Redevelopment Plan, the terms defined in this section have the meanings given them:

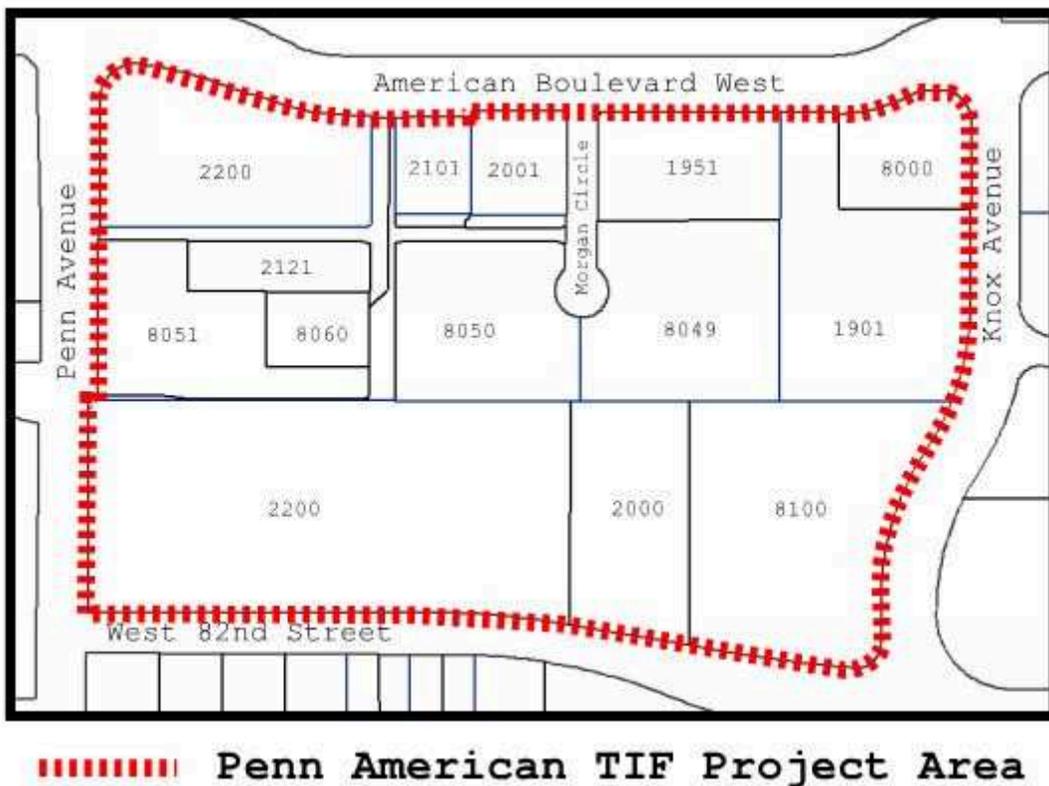
- “HRA” means the Housing and Redevelopment Authority in and for the City of Bloomington.
- “City” means the City of Bloomington, Minnesota acting through its City Council.
- “HRA Act” means Minnesota Statutes, Sections 469.001 to 469.047.
- “Tax Increment Financing Plan” or “TIF Plan” means a Tax Increment Financing Plan for a TIF District created within the Project Area.
- “Redevelopment Project” or “Project” means the Penn and American Project as established by the HRA and approved by the City.
- “Redevelopment Plan” means this Redevelopment Plan as adopted and amended from time to time.
- “Project Area” means the geographic area identified in Figure I.
- “General Plan” means the Comprehensive Plan of the City of Bloomington.
- “Tax Increment Bonds” or “TIF Bonds” means the bonds, notes or other obligations of the City to be issued to finance public redevelopment costs of the Project.
- “Blight” or “Blighted” means any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or

obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

## Project Area

The project area consists of fifteen parcels and public streets. The project boundaries and parcels are identified in Figure I. Addresses and legal descriptions for each parcel are contained in Exhibit A.

**Figure I**  
Penn and American Phase I and II Project Area  
As Modified (October 2016)



## Prior and Current Existing Conditions

As described in Table I, the Project Area is occupied by a variety of commercial buildings, vacant contaminated parcels, uncontrolled and inadequate access, and a water reservoir. Many properties share common driveways and access to the surrounding streets which are inefficient or impede the development of the surrounding parcels, etc. See Figure II on the accompanying page for an aerial view of the existing redevelopment area.

**TABLE I  
Prior and Current Existing Conditions Summary**

Address	PINS	Age of Building	Land Area (sq. ft.)	Building Area (sq. ft)	Owner	Status
<u>Phase I of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u>						
8005 Penn Ave	0402724230001	vacant	123,018	n/a	HRA	Building Demolished, DRAP implementation underway
8051 Penn Ave	0402724230016	vacant	168,338	n/a	HRA	Building Demolished, DRAP implementation underway
2001 American Blvd	0402724230020	1977	38,917	3,241	Private	Wendy's restaurant
2101 American Blvd	0402724230031	2009	28,078	2,162	Private	Sonic Restaurant
2105 American Blvd	0402724230032	n/a	15,735	n/a	HRA	Roadway construction complete, area storm water management constructed
2151 American Blvd	0402724230002	vacant	49,123	n/a	HRA	Building Demolished, DRAP implementation underway
8030 Morgan Circle	0402724230035	n/a	15,470	n/a	HRA	Roadway construction complete, area storm water management constructed
8050 Morgan Circle	0402724230034	1978	108,999	29,550	Private	Existing retail center with improved parking, lighting and stormwater
2200 West 82 <sup>nd</sup> St.	0402724230024	1969	379,311	264	City	City Water reservoir
<u>Phase II of Redevelopment Plan for Penn &amp; American Redevelopment Project Area (Knox and American: Redevelopment and Housing)</u>						
<u>1951 American Blvd W</u>	<u>0402724230022</u>	<u>1977</u>	<u>77,363</u>	<u>8,520</u>	<u>Private</u>	<u>Red Lobster</u>
<u>8000 Knox Ave S</u>	<u>0402724240005</u>	<u>1979</u>	<u>52,057</u>	<u>2,872</u>	<u>HRA</u>	<u>Existing building to be demolished with redevelopment activities</u>
<u>8049 Morgan Circle S</u>	<u>0402724230023</u>	<u>1977</u>	<u>129,175</u>	<u>33,439</u>	<u>Private</u>	<u>Existing building to be demolished with redevelopment activities</u>
<u>1901 American Blvd W</u>	<u>0402724240006</u>	<u>1975</u>	<u>160,774</u>	<u>32,003</u>	<u>HRA</u>	<u>Existing building to be demolished with redevelopment activities</u>
<u>2000 82<sup>nd</sup> St W</u>	<u>0402724230025</u>	<u>n/a</u>	<u>101,939</u>	<u>n/a</u>	<u>City</u>	<u>Vacant land</u>
<u>8100 Knox Ave S</u>	<u>0402724240017</u>	<u>1978</u>	<u>204,610</u>	<u>170,421</u>	<u>Private</u>	<u>Existing apartments</u>

The HRA previously owned five parcels within the Phase I Redevelopment Project as redevelopment was anticipated. Those properties have since been redeveloped and are privately owned. In conjunction with Phase II of the Penn & American Redevelopment Project (Knox and American: Redevelopment and Housing), the HRA owns two parcels. See Table I for

a list of these properties. The purpose of property acquisition is to remove the existing underutilized and blighted properties and to facilitate redevelopment of the area as set forth in the General Plan of the City and the Guiding Principles set forth by the City Council for the Penn American District as well as Development Response Action Plans (DRAPs) incorporated herein by reference.

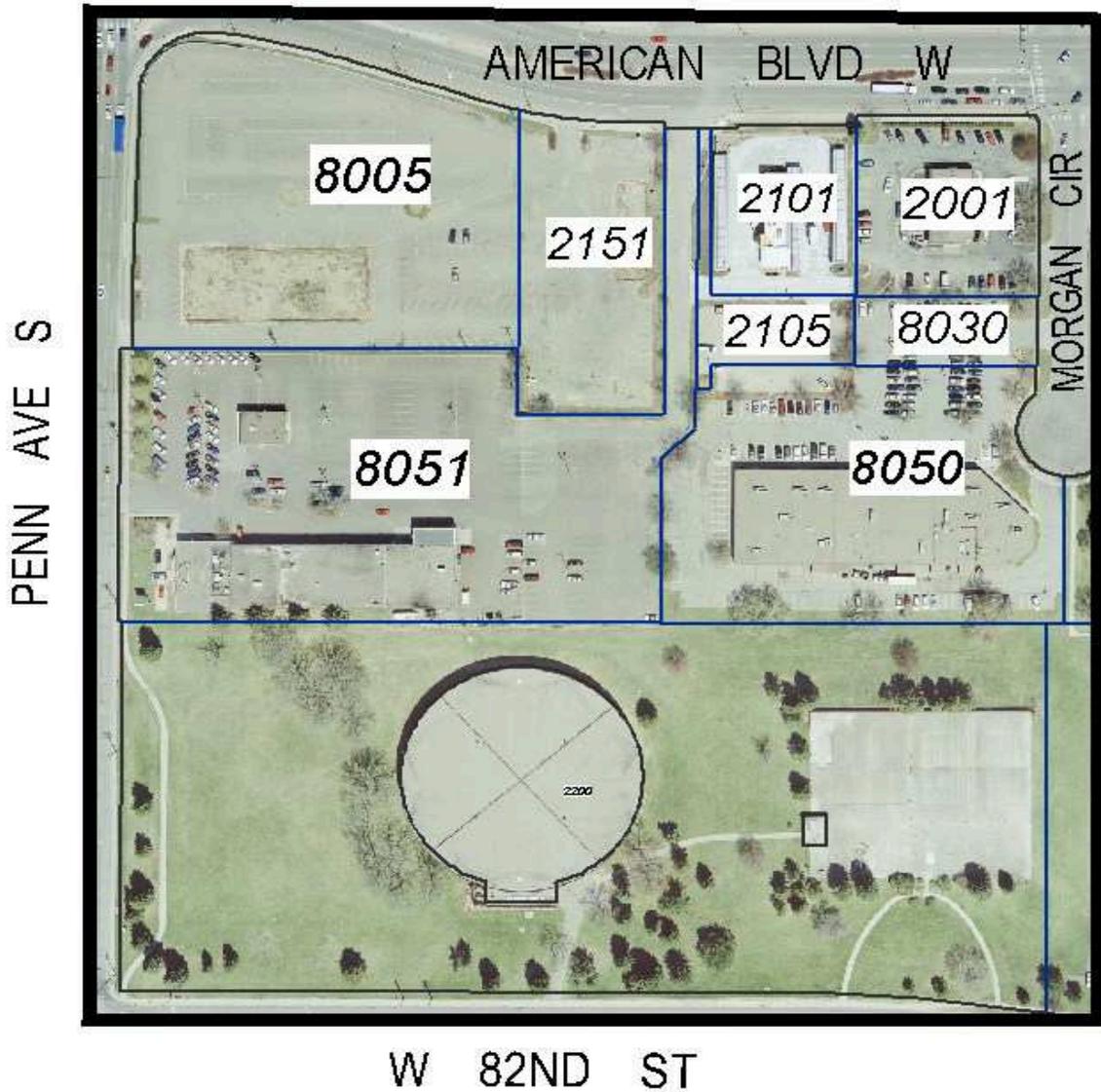
The City of Bloomington has rezoned portions of the area to C-5 zoning. This zoning provides for high-density mixed-use development including housing, office and retail uses. Specific development plans have been approved and executed for Phase I of the Redevelopment Project. General development plans have been contemplated for the parcels comprising Phase II. Details of the development are contained in subsequent sections of this document. The Comprehensive Plan for the City designates this area for Regional Commercial.

This designation allows all “General Business” and “Community Commercial” activities plus additional service and retail uses such as hotels and motels, “big box” retail, large shopping centers, hospitals, and automobile sales that require easy access from the freeway system. Office uses are allowed within this designation when integrated with a commercial use or as a standalone use. Residential uses are allowed within this designation when fully integrated with a commercial land use and allowed in the underlying zoning district.

HRA has acquired five parcels within the district and through a development agreement with United Properties removed contaminated soil and other environmental hazards within Phase I. The HRA has acquired two parcels within Phase II of the Redevelopment Project for further redevelopment opportunities comprising of both rental housing (portion as affordable) and hotel or suitable commercial/retail consistent with the Redevelopment Plan.

Portions of the infrastructure necessary for the development of Phase I have been installed. This includes utilities, sidewalk, portions of the stormwater system and roadways. Additional infrastructure is necessary and will be installed in conjunction with Phase II.

Figure II  
Aerial View  
Penn and American Phase I Project Area



Penn and American Phase II Project Area  
(Knox and American: Redevelopment and Housing)  
As Modified October 2016



## Redevelopment Plan/Land Use

The City of Bloomington has approved a preliminary and final development plan for the area shown in Figure III on the accompanying page.

The development site is split into multiple phases. The south phase will begin first. It consists of 234 market rate rental units and approximately 14,000 square feet of retail. The north phase will add an additional 35,000 square feet of retail and up to 69,000 square feet of office. Phase II of the Redevelopment Plan to be included is considered Knox and American: Redevelopment and Housing. It is planned to consist of approximately 248 apartment rental units with a portion as affordable. It is also planned to include a hotel or other commercial/retail use suitable for the redevelopment plan.

**Table II  
Summary Development**

Address	PINS	Proposed Development Activity
<u>Phase I of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u>		
8005 Penn Ave	0402724230001	Phase II – Retail office Portion Phase I – road utilities and storm water
8051 Penn Ave	0402724230016	234 units of Rental Housing, 14,000 square feet of retail, utilities, street streetscape, storm water
2001 American Blvd	0402724230020	Streetscape, new access
2101 American Blvd	0402724230031	Streetscape, new access
2105 American Blvd	0402724230032	Streetscape, street utilities
2151 American Blvd	0402724230002	Streetscape, street utilities
8030 Morgan Circle	0402724230035	Streetscape, new access, parking lot improvements
2200 West 82 <sup>nd</sup> St.	0402724230024	Street, streetscape
<u>Phase II of Redevelopment Plan for Penn &amp; American Redevelopment Project Area (Knox and American: Redevelopment and Housing)</u>		
<u>1951 American Blvd W</u>	<u>0402724230022</u>	<u>Red Lobster</u>
<u>8000 Knox Ave S</u>	<u>0402724240005</u>	<u>Hotel or suitable commercial/retail</u>
<u>8049 Morgan Circle S</u>	<u>0402724230023</u>	<u>Approximately 124 apartment units, with a portion as affordable</u>
<u>1901 American Blvd W</u>	<u>0402724240006</u>	<u>Approximately 124 apartment units, with a portion as affordable</u>
<u>2000 82<sup>nd</sup> St W</u>	<u>0402724230025</u>	<u>Vacant land</u>
<u>8100 Knox Ave S</u>	<u>0402724240017</u>	<u>Existing apartments</u>

Specific properties acquired by the HRA are listed by legal description in Exhibit A.

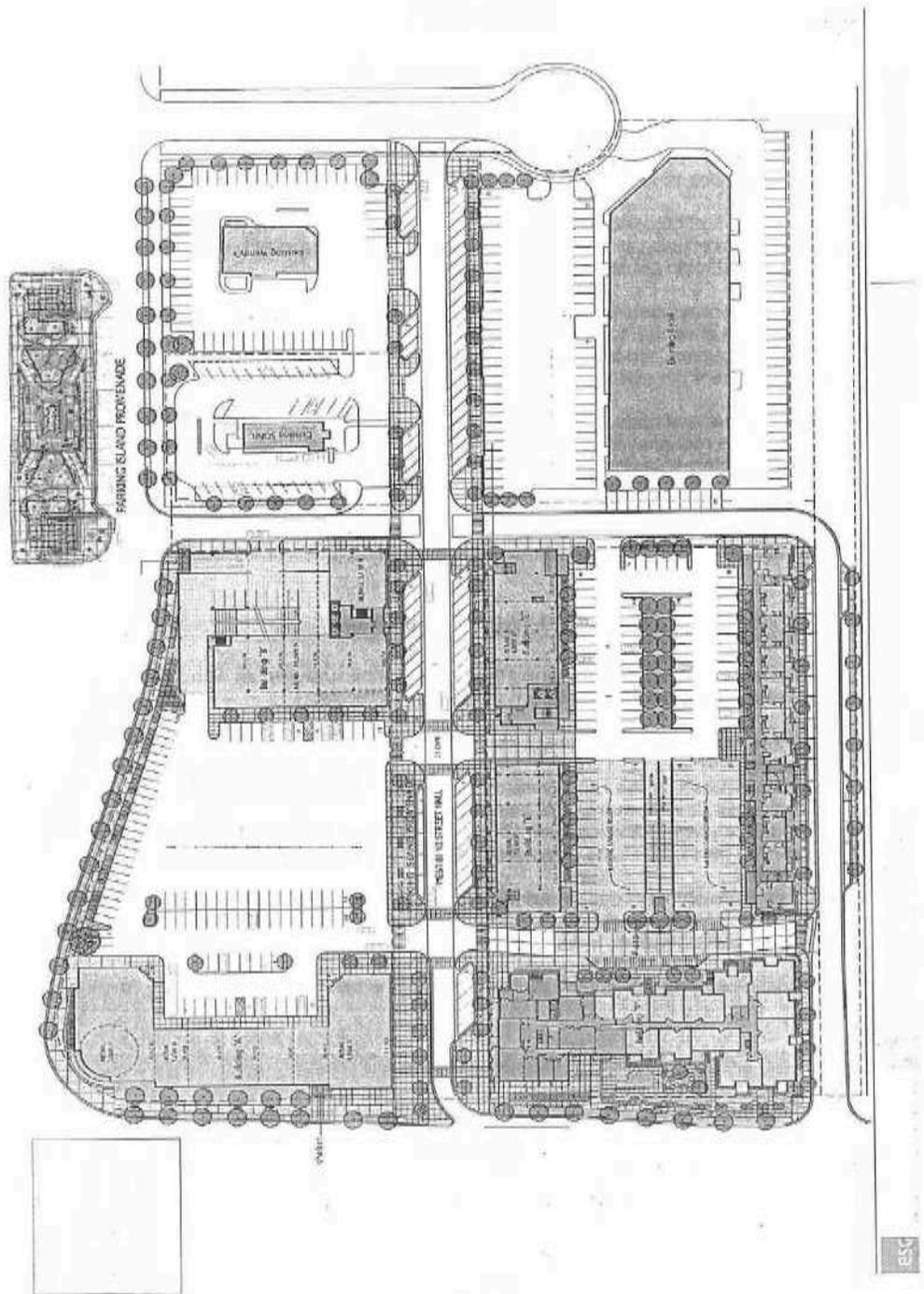
## Compliance with the City of Bloomington General Plan

The plans for the project area are in compliance with the City of Bloomington’s Comprehensive Plan (General Plan) as well as other established land use controls.

The Comprehensive Plan for the City designates this area for Regional Commercial. This designation allows all “General Business” and “Community Commercial” activities plus

additional service and retail uses that require easy access from the freeway system such as hotels and motels, "big box" retail, large shopping centers, hospitals, and automobile sales. Office uses are allowed within this designation when integrated with a commercial use or as a standalone use. Residential uses are allowed within this designation when fully integrated with a commercial land use and allowed in the underlying zoning district.

The City of Bloomington has rezoned the portions of the project area to C-5 zoning. This zoning provides for high density mixed use development including housing, office and retail uses. A specific development plan has been approved for three of the parcels. Details of the first phase development are contained in later sections of this document.



**Proposed Phase II of Penn and American Redevelopment**  
**(Knox and American: Redevelopment and Housing)**



## HRA Activities

Through the establishment of the Redevelopment Project Area and adoption of the Redevelopment Plan, the HRA intends to undertake the activities allowed under Minnesota Statute 469.002, Subd.14. These activities to be undertaken include but are not limited to the following:

1. The acquisition of blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight, specifically the acquisition including contaminated sites;
2. To clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan, specifically assistance with vacation and reconstruction of streets and development of public park;
3. To sell or lease land acquired for uses in accordance with the redevelopment plan, specifically the reconveyance of land for the purpose of construction of the retail and housing developments described in this plan; and
4. Incur initiation, planning, survey and other administrative costs of a redevelopment project, and to prepare technical and financial plans and arrangements for buildings, structures, and improvements and all other work in connection therewith.

## Need for Public Assistance

The Redevelopment Project outlined in this Plan could not be undertaken without public assistance. Reasons for public participation are described below:

- Parcels necessary for development and accompanying infrastructure are under several different ownerships.
- Two sites acquired by the HRA were occupied by buildings and had contaminated soil which impeded development. The associated costs of acquisition and demolition make it impractical for private development to implement the Redevelopment Plan without public assistance. This includes the provision of lifecycle housing and commercial development.
- Additional development requirements such as underground storage of storm water, streetscape and infrastructure such as streets, water and sewer increase development costs to a level not typical in standard development projects.
- The new construction of affordable housing for low and moderate income households limits revenues and requires additional sources of funding.

The public financial assistance required for this project is explained in the following Section.

## Finance Plan

It is the HRA's intent to use a variety of sources to finance the estimated redevelopment costs associated with this plan. These sources include but are not limited to tax increments, City and HRA redevelopment funds, state and other public funding sources, and proceeds from the sale of land. Table IV shows the estimated revenues and expenditures for the project.

**TABLE IV**  
**Project Revenues and Expenditures**  
**Penn and American Phase I**

<b>Sources of Funds</b>	
HRA Funds	\$6,500,000
Excess Tax Increment from Other Districts	\$1,000,000
Land Resale Proceeds	\$2,500,000
Tax Increment	\$4,000,000
<b>Total All Sources of Funds</b>	<b>\$14,000,000</b>
<b>Uses of Funds</b>	
Land Acquisition/Fixtures	\$11,300,000
Public Improvements	\$2,400,000
Administration, Legal, Consulting	\$20,000
Contingency	\$280,000
<b>Total Expenses</b>	<b>\$14,000,000</b>

**Penn and American Phase II**  
**Knox and American: Redevelopment and Housing**

<b>Sources of Funds</b>	
HRA Funds	\$2,000,000
Excess Tax Increment from Other Districts	\$0
Land Resale Proceeds	\$2,000,000
Tax Increment	\$0
<b>Total All Sources of Funds</b>	<b>\$4,000,000</b>
<b>Uses of Funds</b>	
Land Acquisition/Fixtures	\$4,000,000
Public Improvements	\$0
Administration, Legal, Consulting	\$0
Contingency	\$0
<b>Total Expenses</b>	<b>\$4,000,000</b>

## Exhibit A

### Legal Descriptions

Address	PINS	Legal Description
8005 Penn Ave	0402724230001	Block 1, Hays Penn Ave Addn, LOT 1 AND THAT PART OF N 1224 3/10 FT OF NW 1/4 OF SEC 4 TWN 27 R 24 LYING S OF ROAD EX ROADS SUBJECT TO HWY
8051 Penn Ave	0402724230016	Lot 1, Block 1, Hays Penn Ave 4 <sup>th</sup> Addn
2001 American Blvd	0402724230020	Lot 1, Block 1, Hays Penn Ave 5 <sup>th</sup> Addn
2101 American Blvd	0402724230031	Lot 1, Block 1, Sonic Bloomington Addn
2105 American Blvd	0402724230032	Outlot A, Sonic Bloomington Addn
2151 American Blvd	0402724230002	Lot 2, Block 1, Hays Penn Ave Addn
8030 Morgan Circle	0402724230035	Outlot A, Morgan Circle Addn
2200 West 82 <sup>nd</sup> St.	0402724230024	Lot 1, Block 1, Reservoir Park 2 <sup>nd</sup> Addn
<b><u>Phase II of Redevelopment Plan for Penn &amp; American Redevelopment Project Area</u></b>		
<u>1951 American Blvd W</u>	<u>0402724230022</u>	<u>Lot 1, Block 1, Hays Penn Ave 6<sup>th</sup> Addn</u>
<u>8000 Knox Ave S</u>	<u>0402724240005</u>	<u>Lot 1, Block 1, Hays Penn Ave 2<sup>nd</sup> Addn</u>
<u>8049 Morgan Circle S</u>	<u>0402724230023</u>	<u>Lot 2, Block 1, Hays Penn Ave 6<sup>th</sup> Addn</u>
<u>1901 American Blvd W</u>	<u>0402724240006</u>	<u>Lot 2, Block 1, Hays Penn Ave 2<sup>nd</sup> Addn</u>
<u>2000 82<sup>nd</sup> St W</u>	<u>0402724230025</u>	<u>Lot 2, Block 1, Reservoir Park 2<sup>nd</sup> Addn</u>
<u>8100 Knox Ave S</u>	<u>0402724240017</u>	<u>Lot 3, Block 1, Reservoir Park 2<sup>nd</sup> Addn</u>

**Housing and Redevelopment  
Authority in and for the City of Bloomington**

**City of Bloomington, Minnesota**

**Tax Increment Financing Plan**

for

**Knox and American Tax Increment Financing District  
(A Housing District)**

**Within The Penn and American Redevelopment Project**

**Draft Dated: October 6, 2016**

**Public Hearing Scheduled: October 3, 2016**

**Approval by City Council: October 3, 2016**

**Anticipated Approval by HRA Board: October 11, 2016**

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**Section A      Definitions**

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Act" means the Housing and Redevelopment Act, Minnesota Statutes, sections 469.001 through 469.047, both inclusive and the Economic Development Act, Minnesota Statutes sections 469.090 through 469.1082, both inclusive.

"Authority" means the Housing and Redevelopment Authority in and for the City of Bloomington.

"Board of Commissioners" means the Board of Commissioners of the Authority.

"City" means the City of Bloomington, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Hennepin County, Minnesota.

"HRA Act" means Minnesota Statutes, sections 469.001 to 469.047, inclusive, as amended.

"Redevelopment Plan" means the Penn and American Redevelopment Plan for the Redevelopment Project.

"Redevelopment Project" means the Penn and American Redevelopment Project which is described in the corresponding Redevelopment Plan.

"Project Area" means the geographic area of the Redevelopment Project.

"School District" means Independent School District No. 271, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Knox and American Tax Increment Financing District, a Housing district.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

**Section B      Overview**

The City has adopted the Penn and American Redevelopment Plan (Plan). The purpose of the Plan is to establish a framework and implementation plan for the redevelopment of the area bounded by Penn Avenue on the west, American Boulevard on the north, Knox Avenue South on the east and 82<sup>nd</sup> Street on the south (Project Area). The boundaries of the Project Area are being modified in conjunction with the proposed establishment of the TIF District to incorporate the newly expanded area.

The establishment of the Tax Increment District as set forth in this TIF Plan is for the purpose of the implementation of the objectives set forth in the Redevelopment Plan attached herein as Exhibit V.

**Section C      Statutory Authorization**

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under Minnesota Statutes, Sections 469.001 to 469.047, or other law.

It is the intention of the Board of Commissioners, notwithstanding the enumeration of specific goals and objectives in the Penn and American Redevelopment Plan, that the Authority shall have and enjoy with respect to the Project Area and Tax Increment Financing District the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act, municipal housing and redevelopment authority laws, and such other legal authority as the Authority may have or enjoy from time to time.

**Section D      Statement of Need and Public Purpose**

The Authority and the City concur that there is a need for redevelopment within the City and the Redevelopment Project Area in order to eliminate blight, provide employment and life cycle housing opportunities, to improve the local tax base, and to improve the general economy of the City and the State.

The Authority finds that the property within this tax increment district cannot be redeveloped, consistent with the Comprehensive Plan of the City, without public participation and financial assistance in various forms including property acquisition and/or write-down, proper planning, the financing of redevelopment costs associated with clearance, grading and soils correction, and the making of various other public and private improvements necessary for redevelopment. In cases where the redevelopment of property cannot be done by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such redevelopment.

**Section E      Statement of Objectives**

The Authority seeks to achieve, through the use of Tax Increment, one or more of the following objectives with respect to the Redevelopment Project and Project Area, as the Authority may deem appropriate and necessary.

(1) To promote and secure the prompt redevelopment of property within the Project Area, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan of the City, thus realizing Comprehensive Plan, land use, and tax base goals.

(2) To acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight.

(3) To assist development in the Project Area through the acquisition or write-down of certain interests in property which is not now in productive use or in its highest and best use, to make or defray the cost of soil corrections or site improvements on said property, and to construct or reimburse for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.

(4) To secure the increase and availability of life cycle housing for individuals and families within the Project Area.

(5) To secure the increase of commercial and residential property subject to taxation within the Project Area.

(6) To promote and secure additional employment opportunities within the City through the creation of construction and permanent jobs.

(7) To employ any of the powers of the Authority for the benefit of the Project Area in such cases and upon such terms as the Authority may deem appropriate.

**Section F Boundaries of the Project Area and Tax Increment District**

The property within the City which constitutes the Project Area and Tax Increment Financing district includes the property contained within the boundaries described below and is illustrated on the maps attached as Exhibit I.

The Project Area is bounded by Penn Avenue on the west, American Boulevard on the north, Knox Boulevard on the east and 82<sup>nd</sup> Street on the south. The Tax Increment District includes the two tax parcels within the Project Area as shown on the attached map (Exhibit I). The City and Authority reserve the right to expand the boundaries of the Project Area in the future and intend to modify the boundaries with the establishment of the TIF District.

**Section G Designation of Tax Increment Financing District as a Housing District**

Pursuant to the TIF Act, the City seeks to create the Knox and American TIF District and adopt a TIF Plan for the TIF District. The City will review the TIF Plan prior to City adoption. The Knox and American TIF District is a Housing District.

Housing districts are a type of tax increment financing district that consist of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined in federal, state, and municipal legislation. A project does not qualify if more than 20% of the square footage of buildings that receive assistance from tax increments consist of commercial, retail or other nonresidential use.

In addition, housing districts are subject to various income limitations and requirements for residential property. For owner occupied residential property, 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code. For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code.

The TIF District meets the above qualifications for these reasons:

1. The planned improvements consist of the following:
  - a. Approximately 248 total units, for which the following will apply:
    - o 248 unit affordable housing apartment complex with at least 20% (49) of the rental units will be occupied by persons with incomes no greater than 50% of county median income
2. At least 80% of the proposed development will be used for residential purposes.
3. The City will require in the development agreement that the income limitations for the rental units in the apartment building will apply for the duration of the TIF District.

Tax increments derived from a housing district must be used solely to finance the cost of housing projects as defined in section 469.174, subd. II and 469.176 of the TIF Act. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project. The City anticipates using tax increment revenues to finance a portion of the extraordinary costs associated with providing the affordable housing units.

**Section H      Duration of the TIF District**

Housing districts may remain in existence 25 years from the date of receipt of the first tax increment. Modifications of this plan (see Section AB) shall not extend these limitations.

Pursuant to Minnesota Statutes, Section 469.175, subd. 1(b), the Authority specifies 2020 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority may collect increment from the district through December 31, 2045, and anticipates that the TIF District may be active for the maximum duration allowed. However the Authority will decertify the TIF District as early as possible should the projected increment be received in a shorter time period than originally projected. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

**Section I      Property to be Included in the TIF District**

The TIF District comprises 2 parcels containing underutilized buildings that will be demolished prior to development. The total area of the TIF district also includes adjacent streets and right-of-way located within the Project Area. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

<b>Parcel Number</b>	<b>Legal Description</b>
04-027-24-23-0023	HAYS PENN AVENUE 6th ADDITION, LOT 2, BLOCK 1
04-027-24-24-0006	HAYS PENN AVENUE 2 <sup>ND</sup> ADDITION, LOT 2, BLOCK 1

It is anticipated the parcels listed above will be replatted prior to redevelopment and a portion of the properties will be included within the boundaries of the TIF District. The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

**Section J      Property to be Acquired in the TIF District**

The Authority has acquired a portion of the property located within the proposed TIF District (listed with address of 1901 American Blvd W and parcel id 04-027-24-24-0006) and intends to sell the property to a private party for redevelopment into apartment rental units.

**Section K      Specific Development Expected to Occur Within the TIF District**

The proposed project includes the redevelopment of property within the City that consists of underutilized buildings that will be demolished to allow for new development to occur. Redevelopment plans for the site include the removal of the existing structures, construction of new infrastructure and other necessary public improvements and subsequent new development of an approximate 248-unit apartment rental complex with some affordable units and structured parking. In order to comply with Minnesota Statutes for designation of a Housing TIF District, at least 20% of the units will be restricted for persons or families with incomes at or below 50% of area median income. The Authority has identified significant costs in addition to the affordable housing, including infrastructure and public improvements, associated with redevelopment of the project site that are deemed necessary for the project to proceed. The Authority anticipates providing financial assistance for the costs associated with the provision of affordable housing, redevelopment of the property and also to finance certain public improvements related to the development project. The Authority may also use available tax increment revenues to finance a portion of the eligible related administrative expenses.

Demolition and subsequent construction of the new development on the project site is projected to start in 2017 or 2018. The project is expected to be fully constructed by December 31, 2018, and be 100% assessed and on the tax rolls as of January 2, 2019 for taxes payable 2020.

**Section L Findings and Need for Tax Increment Financing**

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a housing district.

See Section G of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

The proposed development is expected to consist of approximately 248 total apartment units. The City's finding that the proposed development would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the project pro forma and other materials submitted to the City by the developer. These documents have indicated that the reduction in annual revenues due to the lower rents associated with providing affordable housing units will result in returns that are not sufficient to support development, thereby making this housing development infeasible without public assistance. In addition, there are significant redevelopment costs associated with acquisition of existing structures, demolition, installation of new infrastructure and structured parking. Therefore, the developer has indicated in communications with the City and submitted financial data that the development as proposed would not move forward without tax increment assistance.

- (3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the City Council of the City has found the TIF plan consistent with the general plan for development of the city as a whole and will generally complement and serve to implement policies adopted in the City's comprehensive plan.

- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

Through the implementation of the TIF Plan, the City will provide an impetus for an affordable apartment complex, which complements the overall housing needs of the City and helps support other private types of development by providing a range of housing opportunities for residents and workers within the City.

**Section M Estimated Public Costs**

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Land/Building acquisition	\$2,000,000
Site Improvements/Preparation costs	\$2,000,000
Utilities	\$1,500,000
Other public improvements	\$3,600,000
Other Housing Improvements	\$8,638,244

*Housing and Redevelopment Authority in and for the City of Bloomington*

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Interest payments	\$0
Administrative expenses	\$928,329
Total	\$18,666,573

The Authority anticipates using tax increment to the extent available to finance affordable housing costs, site improvement/preparation costs, public improvement infrastructure costs, land acquisition and related administrative expenses, and other TIF-eligible expenditures as deemed necessary and related to redevelopment of the project site.

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$18,666,573) is not increased. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

**Section N      Estimated Sources of Revenue**

Tax Increment revenue	\$18,566,573
Interest on invested funds	\$100,000
Land Sale Proceeds	\$0
Other	\$0
Total	\$18,666,573

The Authority anticipates providing financial assistance on a pay-as-you-go basis for site improvement and infrastructure costs, as well as other TIF-eligible expenses related to the proposed development. As tax increments are collected from the TIF District in future years, a portion of these taxes will be used by the Authority to reimburse the developer/owner for public costs incurred (see Section M). The Authority also anticipates retaining the remaining increment to finance additional needed public improvement costs and reimburse for land costs incurred through bond issuance. A portion of the tax increment will be retained to make debt service payments.

The Authority reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

**Section O      Estimated Amount of Bonded Indebtedness**

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$18,666,573. The Authority plans to request that the City issue general obligation bonds to reimburse the Authority for the acquisition of a portion of the land within the TIF District. The Authority currently plans to finance the public improvements and affordable housing costs in the form of a pay-as-you go revenue note as reimbursement to the developer for certain redevelopment costs, but also anticipates retaining a portion of the increment to repay debt service on TIF bonds issued in conjunction with the project. The Authority reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

**Section P      Original Net Tax Capacity**

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2016, for taxes payable in 2017, is \$3,775,000 based on estimated land value of \$18/square foot. Upon establishment of the district and subsequent reclassification of property, the estimated original net tax capacity of the TIF District is expected to be \$47,188. This assumes the property is reclassified from tax exempt to taxable with commercial use.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

**Section Q      Original Tax Capacity Rate**

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2016 and payable in 2017, is not available at the time of drafting of this document. The County Auditor shall certify the amount for taxes payable 2017 as the original tax capacity rate of the TIF District once available. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2015 and payable in 2016, is 126.282% as shown below.

<u>Taxing Jurisdiction</u>	<u>2015/2016 Local Tax Rate</u>
City of Bloomington	45.909%
Hennepin County	45.356%
ISD #271	24.254%
Other	<u>10.763%</u>
Total	126.282%

**Section R      Projected Retained Captured Net Tax Capacity and  
Projected Tax Increment**

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

**Section S      Use of Tax Increment**

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) Pay for the estimated public costs of the TIF District (see Section M) and County administrative costs associated with the TIF District (see Section V);
- (2) pay principal and interest on one or more pay-as-you-go notes, tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless the county board involved waives this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment derived from the TIF District must be used solely to finance the cost of housing projects (including administrative expenses and public improvement costs) as defined in Section 469.174, Subdivision 11 of the Tax Increment Act and subject to the requirements set forth in Section 469.1761 of the Tax Increment Act.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government. Further, tax increments may not be used to finance: a commons area used as a public park; facilities used for social or recreational purposes (whether public or private); or publicly-owned facilities used for conference purposes; provided that tax increment may be used for a privately owned conference facility, and for parking structures whether public or privately owned and whether or not they are ancillary to one of the otherwise prohibited uses described above.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

**Section T      Excess Tax Increment**

Beginning with the sixth year after certification of the TIF District, any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1)      prepay any outstanding tax increment bonds;
- (2)      discharge the pledge of tax increments thereof;
- (3)      pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4)      return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

**Section U      Tax Increment Pooling and the Five Year Rule**

As permitted under Minnesota Statutes, Section 469.1763, subdivision 2(b) and subdivision 3(a)(5), any expenditures of increment from the TIF District to pay the cost of a “housing project” as defined in Minnesota Statutes, Section 469.174, subd. 11 will be treated as an expenditure within the district for the purposes of the “pooling rules” and the “five year rule”. The City does not currently anticipate that tax increments will be spent outside the TIF District (except allowable administrative expenses), but such expenditures are expressly authorized in this TIF Plan.

The Authority does not expect that allowable pooling expenditures will be made outside of the TIF District, but such expenditures are expressly authorized in this TIF Plan.

**Section V      Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the Authority other than:

- (1)      amounts paid for the purchase of land;
- (2)      amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- (3)      relocation benefits paid to, or services provided for, persons or businesses residing or located within the TIF District; or
- (4)      amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the District.

**Section W      Limitation on Property Not Subject to Improvements - Four Year Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified

improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

## **Section X      Estimated Impact on Other Taxing Jurisdictions**

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$18,633,654.
2. To the extent the project in the TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City anticipates issuing general obligation tax increment bonds, and also reserves the right to the use of internal financing or pay-as-you-go reimbursement financing, as necessary, to finance a portion of the project costs attributable to the District.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$3,578,821.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$6,692,546.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

## **Section Y      Prior Planned Improvements**

The Authority shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

**Section Z      Development Agreements**

If within a project containing a housing district, more than 10% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

The Authority has acquired property within the TIF District, equal to more than 10% of the property within the Project Area. The Authority has requested that the City issue tax increment bonds to reimburse the Authority for such purchase. Prior to the issuance of tax increment bonds, the Authority shall enter into an agreement with a developer regarding development within the TIF District setting forth the Authority's recourse if the development does not occur.

**Section AA      Assessment Agreements**

The City may, upon entering into a development agreement, also enter into an assessment agreement with any person, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The Authority anticipates entering into an assessment agreement.

**Section AB      Modifications of the Tax Increment Financing Plan**

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated capital and administrative costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

**Section AC      Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall

## *Housing and Redevelopment Authority in and for the City of Bloomington*

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submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

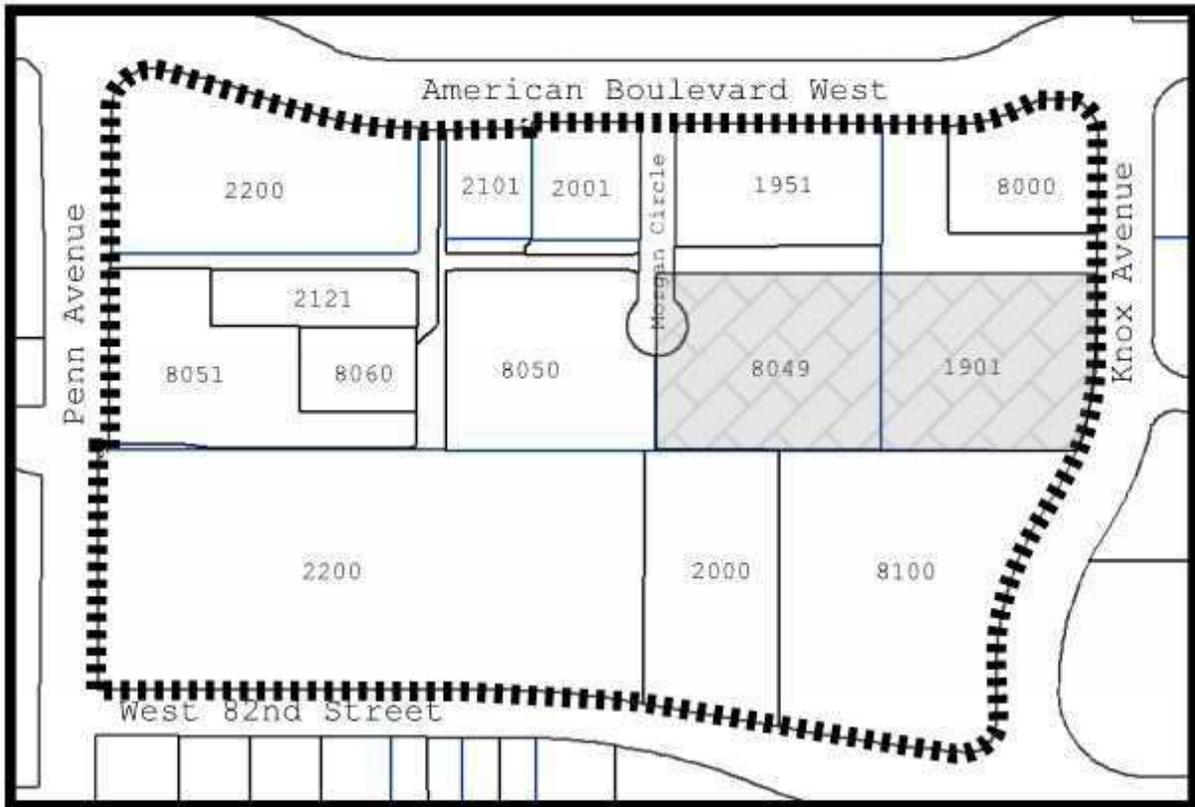
- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
  - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
  - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
  - (c) if the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
  - (d) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

### **Section AD Filing TIF Plan, Financial Reporting and Disclosure Requirements**

The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

MAP OF PROPOSED TAX INCREMENT FINANCING (HOUSING) DISTRICT  
AND PENN AND AMERICAN REDEVELOPMENT PLAN



----- Penn American Redevelopment Project Area

▨ Penn American Housing TIF District



**Projected Tax Increment Report**

**Housing and Redevelopment Authority of and for the City of Bloomington, Minnesota  
 Tax Increment Financing (Housing) District  
 Knox & American: Proposed Apartment Project  
 Draft TIF Plan Exhibits: Based on 250 unit apt at \$140k/unit total \$35M**

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (4) (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 5.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 06/30/17 4.00%
12/31/17	3,775,000	47,188	47,188	0	126.282%	0	0	0	0	0	0
12/31/18	3,775,000	47,188	47,188	0	126.282%	0	0	0	0	0	0
12/31/19	3,775,000	47,188	47,188	0	126.282%	0	0	0	0	0	0
12/31/20	36,050,000	414,575	47,188	367,388	126.282%	463,944	1,670	462,274	23,114	439,160	360,958
12/31/21	37,131,500	427,012	47,188	379,825	126.282%	479,650	1,727	477,923	23,896	454,027	358,824
12/31/22	38,245,445	439,823	47,188	392,635	126.282%	495,827	1,785	494,042	24,702	469,340	356,660
12/31/23	39,392,808	453,017	47,188	405,830	126.282%	512,490	1,845	510,645	25,532	485,113	354,467
12/31/24	40,574,593	466,608	47,188	419,420	126.282%	529,652	1,907	527,745	26,387	501,358	352,247
12/31/25	41,791,830	480,606	47,188	433,419	126.282%	547,330	1,970	545,360	27,268	518,092	350,004
12/31/26	43,045,585	495,024	47,188	447,837	126.282%	565,537	2,036	563,501	28,175	535,326	347,738
12/31/27	44,336,953	509,875	47,188	462,687	126.282%	584,291	2,103	582,188	29,109	553,079	345,452
12/31/28	45,667,061	525,171	47,188	477,984	126.282%	603,607	2,173	601,434	30,072	571,362	343,145
12/31/29	47,037,073	540,926	47,188	493,739	126.282%	623,503	2,245	621,258	31,063	590,195	340,823
12/31/30	48,448,185	557,154	47,188	509,967	126.282%	643,996	2,318	641,678	32,084	609,594	338,486
12/31/31	49,901,631	573,869	47,188	526,021	126.282%	664,269	2,391	661,878	33,094	628,784	335,713
12/31/32	51,398,680	591,085	47,188	543,897	126.282%	686,844	2,473	684,371	34,219	650,152	333,771
12/31/33	52,940,640	608,817	47,188	561,630	126.282%	709,237	2,553	706,684	35,334	671,350	331,397
12/31/34	54,528,860	627,082	47,188	579,894	126.282%	732,302	2,636	729,666	36,483	693,183	329,014
12/31/35	56,164,725	645,894	47,188	598,707	126.282%	756,059	2,722	753,337	37,667	715,670	326,622
12/31/36	57,849,667	665,271	47,188	618,084	126.282%	780,528	2,810	777,718	38,886	738,832	324,224
12/31/37	59,585,157	685,229	47,188	638,042	126.282%	805,732	2,901	802,831	40,142	762,689	321,821
12/31/38	61,372,712	705,786	47,188	658,599	126.282%	831,692	2,994	828,698	41,435	787,263	319,413
12/31/39	63,213,893	726,960	47,188	679,772	126.282%	858,430	3,090	855,340	42,767	812,573	317,002
12/31/40	65,110,310	748,769	47,188	701,581	126.282%	885,971	3,189	882,782	44,139	838,643	314,589
12/31/41	67,063,619	771,232	47,188	724,044	126.282%	914,337	3,292	911,045	45,552	865,493	312,174
12/31/42	69,075,528	794,369	47,188	747,181	126.282%	943,555	3,397	940,158	47,008	893,150	309,759
12/31/43	71,147,794	818,200	47,188	771,012	126.282%	973,650	3,505	970,145	48,507	921,638	307,346
12/31/44	73,282,228	842,746	47,188	795,558	126.282%	1,004,647	3,617	1,001,030	50,052	950,978	304,932
12/31/45	75,480,694	868,028	47,188	820,840	126.282%	1,036,574	3,732	1,032,842	51,642	981,200	302,522
						<b>\$18,633,654</b>	<b>\$67,081</b>	<b>\$18,566,573</b>	<b>\$928,329</b>	<b>\$17,638,244</b>	<b>\$8,639,103</b>

(1) Total estimated market value based on information provided by assessing (250 apartments at \$140,000 per unit) for a total of \$35,000,000 and 3% annual market value inflator  
 (2) Total net tax capacity based on residential rental class rates of 1.25% and low-income residential rental rates of 0.75%  
 (3) Original net tax capacity rate based on estimates provided by assessing of \$18/SF for land  
 (4) Total local combined tax rate for taxes payable 2016

**Estimated Impact on Other Taxing Jurisdictions Report**

**Housing and Redevelopment Authority of and for the City of Bloomington, Minnesota  
 Tax Increment Financing (Housing) District  
 Knox & American: Proposed Apartment Project  
 Draft TIF Plan Exhibits: Based on 250 unit apt at \$140k/unit total \$35M**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2015/2016 Taxable Net Tax Capacity (1)	2015/2016 Local Tax Rate	2015/2016 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Bloomington	110,961,044	45.909%	110,961,044	\$820,840	111,781,884	45.572%	0.337%	374,072
Hennepin County	1,466,181,043	45.356%	1,466,181,043	820,840	1,467,001,883	45.331%	0.025%	372,092
ISD #271	108,990,396	24.254%	108,990,396	820,840	109,811,236	24.073%	0.181%	197,598
Other (2)	---	10.763%	---	820,840	---	10.763%	---	---
<b>Totals</b>		<b>126.282%</b>				<b>125.738%</b>	<b>0.544%</b>	

**\* Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.544% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.  
 (2) The impact on these taxing jurisdictions has not been calculated. They represent 8.52% of the total tax rate.

Penn and American Redevelopment Plan

# HRA Agenda Item



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Originator Housing and Redevelopment Authority	Item <b>Knox and American Tax Increment Pledge Agreement</b>
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Date  
10/11/2016

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Description

In coordination with the Tax Increment Financing District being created by the City of Bloomington and the Bloomington Housing and Redevelopment Authority (HRA) Board of Commissioners that will assist with the Knox and American Redevelopment Project, and the bonds to be issued for the purchase of 1901 American Boulevard West within that redevelopment, the City of Bloomington and Bloomington HRA are required to approve a tax increment pledge agreement.

The agreement is included in the Board agenda and was prepared by the City's Bond Counsel, Kennedy and Graven, and reviewed by the HRA General Counsel, Carla J. Pedersen, from McGrann Shea Carnival Straughn and Lamb.

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Requested Action

Resolution authorizing execution of a Tax Increment Pledge Agreement with the City of Bloomington relating to taxable general obligation tax increment bonds, Series 2016a, to be issued in the proposed aggregate principal amount of \$2,055,000.

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Attachments:

TIF Pledge Agreement  
Resolution

**TAX INCREMENT PLEDGE AGREEMENT**

**by and between**

**CITY OF BLOOMINGTON, MINNESOTA**

**and**

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF BLOOMINGTON**

THIS TAX INCREMENT PLEDGE AGREEMENT is made and entered into on or as of the \_\_\_\_ day of November, 2016 (the “Agreement”), between the City of Bloomington, Minnesota (the “City”), and the Housing and Redevelopment Authority in and for the City of Bloomington (the “Authority”).

**RECITALS**

WHEREAS, the City and the Authority have approved the creation of the Knox and American Tax Increment Financing District (a Housing District) (the “TIF District”), pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and Minnesota Statutes, Sections 469.174 through 469.1974, as amended (the “TIF Act”), within the Penn and American Redevelopment Project (the “Project”) in the City; and

WHEREAS, pursuant to the authority conferred by Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475, as amended, and a resolution adopted by the City Council of the City on November 7, 2016 (the “Bond Resolution”), the City will issue its Taxable General Obligation Tax Increment Bonds, Series 2016A (the “Bonds”), in the original aggregate principal amount of \$2,055,000, to finance the acquisition of property within the TIF District and to pay costs of issuance of the Bonds (the “Project Costs”); and

WHEREAS, pursuant to a resolution adopted by the Board of Commissioners of the Authority (the “Board”) on October 11, 2016, the Authority has agreed to pledge tax increment revenues attributable to the TIF District to the City to secure the payment of principal of, premium, if any, and interest on the Bonds; and

WHEREAS, pursuant to Section 469.178, subdivision 2 of the TIF Act, any agreement to pledge tax increment revenues must be made by written agreement by and between the Authority and the City and must be filed with the Taxpayer Services Division Manager (the “County Auditor”) of Hennepin County, Minnesota (the “County”).

NOW, THEREFORE, the City and the Authority mutually agree to the following:

- (1) The City will issue the Bonds in accordance with the Bond Resolution.
- (2) The proceeds from the sale of the Bonds will be used to finance the Project Costs.
- (3) The Authority hereby pledges Available Tax Increment (as defined below) to the payment of principal of and interest on the Bonds, subject to the terms of this Agreement.

- (4) The Authority hereby pledges revenues derived from the Authority's special benefit tax levied pursuant to Minn. Stat. Section 469.033, subd. 6 and received by the Authority (the "Special Benefit Tax Revenues") to the payment of principal of and interest on the Bonds, subject to the terms of this Agreement.
- (5) At least three (3) business days prior to each debt service payment date for the Bonds, there shall be transferred from the Authority's account to the Debt Service Fund maintained by the City for the payment of the Bonds, an amount of Available Tax Increment and Special Benefit Tax Revenues, which when taken together with taxes levied for such purposes in accordance with the Bond Resolution, if any, and amounts to be deposited in the Debt Service Fund for the Bonds, is equal to one hundred five percent (105%) of the principal of and interest on the Bonds to become due on the subject payment date. Any Available Tax Increment and Special Benefit Tax Revenues in excess of the amounts required to be deposited to the Debt Service Fund on each debt service payment date by the preceding sentence may be retained by the Authority.
- (6) Without regard to anything in this Agreement to the contrary, Available Tax Increment and the Special Benefits Tax Revenues may be pledged (at the Authority's option on a parity, superior or subordinate basis) to pay principal of and interest on the Bonds and any other obligations issued by the City, the Authority, or any other public body to finance public redevelopment costs paid or incurred by the Authority in the Project or any other pledge permitted by law. The Authority reserves the right to release all or any portion of Available Tax Increment and the Special Benefits Tax Revenues from the pledge under this Agreement (including without limitation the release of Available Tax Increment from any specific parcel within the TIF District) to the extent permitted by law, provided that in no event may the Authority reduce the pledge such that Available Tax Increment and the Special Benefits Tax Revenues are reasonably expected to pay less than twenty percent (20%) of principal of and interest on the Bonds.
- (7) For purposes of this Agreement, "Available Tax Increment" means, on each February 1 and August 1 (the "Payment Dates") during the term of the Bonds, ninety percent (90%) of the tax increment attributable to the property in the TIF District which is paid to the Authority by the County in the six months preceding the Payment Date.
- (7) An executed copy of this Agreement shall be filed with the County Auditor of the County pursuant to Section 469.178, subdivision 2 of the TIF Act.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City and the Authority have caused this Tax Increment Pledge Agreement to be duly executed on their behalf as of the date and year first written above.

**CITY OF BLOOMINGTON, MINNESOTA**

By \_\_\_\_\_  
Gene Winstead  
Its Mayor

By \_\_\_\_\_  
James D. Verbrugge  
Its City Manager

Approved as to form:

\_\_\_\_\_  
Melissa Manderschied  
City Attorney

Execution page of the Authority to the Tax Increment Pledge Agreement, dated as of the date and year first written above.

**HOUSING AND REDEVELOPMENT  
AUTHORITY IN AND FOR THE CITY OF  
BLOOMINGTON**

By \_\_\_\_\_  
Mark Thorson  
Its Chair

By \_\_\_\_\_  
Doug Grout  
Its Administrator

Reviewed and approved by HRA General Counsel

\_\_\_\_\_  
Carla J. Pedersen  
HRA General Counsel

STATE OF MINNESOTA  
COUNTY OF HENNEPIN

CERTIFICATE OF TAXPAYER  
SERVICES DIVISION MANAGER AS  
TO TAX INCREMENT PLEDGE  
AGREEMENT

I, the undersigned Taxpayer Services Division Manager of Hennepin County, Minnesota, hereby certify that a Tax Increment Pledge Agreement between the City of Bloomington, Minnesota (the “City”) and the Housing and Redevelopment Authority in and for the City of Bloomington (the “Authority”), dated November \_\_, 2016, relating to the City’s Taxable General Obligation Tax Increment Bonds, Series 2016A, in the original aggregate principal amount of \$2,055,000, has been filed in my office.

WITNESS my hand and official seal this \_\_ day of \_\_\_\_\_, 2016.

(SEAL)

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Taxpayer Services Division Manager  
Hennepin County, Minnesota

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Deputy County Auditor

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING EXECUTION OF A TAX INCREMENT PLEDGE AGREEMENT WITH THE CITY OF BLOOMINGTON RELATING TO TAXABLE GENERAL OBLIGATION TAX INCREMENT BONDS, SERIES 2016A, TO BE ISSUED IN THE PROPOSED AGGREGATE PRINCIPAL AMOUNT OF \$2,055,000**

*WHEREAS*, the Housing and Redevelopment Authority in and for the City of Bloomington (the “Authority”) is a housing and redevelopment authority within the meaning of Minnesota Statutes, Sections 469.001 through 469.047, as amended (the “HRA Act”); and

*WHEREAS*, the City of Bloomington, Minnesota (the “City”) and the Authority have approved the creation of the Knox and American Tax Increment Financing District (a Housing District) (the “TIF District”), pursuant to the HRA Act and Minnesota Statutes, Sections 469.174 through 469.1974, as amended (the “TIF Act”), within the Penn and American Redevelopment Project (the “Project”) in the City; and

*WHEREAS*, pursuant to the authority conferred by Section 469.178 of the TIF Act and Minnesota Statutes, Chapter 475, as amended, the City has proposed to issue its Taxable General Obligation Tax Increment Bonds, Series 2016A (the “Bonds”), in the proposed aggregate principal amount of \$2,055,000, to finance certain public redevelopment and housing expenditures, including the acquisition of property within the TIF District and to pay costs of issuance of the Bonds; and

*WHEREAS*, there has been presented to the Board of the Authority (the “Board”) a Tax Increment Pledge Agreement (the “Pledge Agreement”) proposed to be entered into between the Authority and the City relating to the payment of principal of and interest on the Bonds and providing for the pledge of tax increment revenues generated from property in the TIF District and revenues derived from the Authority’s special benefit tax levied pursuant to Minn. Stat.

Section 469.033, subd. 6 to secure the payment of principal of, premium, if any, and interest on the Bonds; and

***NOW THEREFORE BE IT RESOLVED BY THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BLOOMINGTON***

that, based upon the foregoing,

1. The Board hereby approves the pledge of tax increment revenues attributable to the TIF District and revenues derived from the Authority's special benefit tax levied pursuant to Minn. Stat. Section 469.033, subd. 6 to the City for the payment of principal of, premium, if any, and interest on the Bonds.

2. The Chair and Administrator of the Authority are hereby authorized to execute and deliver the Pledge Agreement substantially in the form on file with the Board, providing for the pledge of tax increment derived from property in the TIF District for the payment of principal of, premium, if any, and interest on the Bonds.

Passed and adopted this 11<sup>th</sup> day of October, 2016.

\_\_\_\_\_  
HRA Chair

ATTEST:

\_\_\_\_\_  
Secretary to the HRA